

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for rate ) DOCKET NO. 960502-GU  
increase by City Gas Company of ) ORDER NO. PSC-96-1113-FOF-GU  
Florida ) ISSUED: September 3, 1996  
\_\_\_\_\_)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER SUSPENDING PROPOSED RATE SCHEDULES AND  
GRANTING INTERIM RATE RELIEF FOR CITY GAS COMPANY OF FLORIDA

BY THE COMMISSION:

I. Suspension of Permanent Rates and Charges

On June 18, 1996, City Gas Company of Florida, an operating division of NUI Corporation (City Gas or the Company), filed a petition for a permanent rate increase. City Gas requested an increase of \$5,283,344 in additional annual revenues based on a 13-month average rate base of \$94,432,747 for a projected test year ending September 30, 1997. City Gas requested an overall rate of return of 8.25% ,based on a 11.90% return on equity.

Pursuant to Section 366.06(4), Florida Statutes, City Gas requested to proceed under our rules governing Proposed Agency Action (PAA). Under that section, if we fail to vote on the proposed agency action within 5 months of the company's filing, City Gas will be entitled to place the proposed rates in effect under bond or corporate undertaking.

The Company's request requires further study and review. Therefore, pursuant to Section 366.06(3), Florida Statutes, we hereby suspend the proposed new rates and charges to allow sufficient time to adequately investigate the request for permanent rate relief.

II. Interim Relief

The Company also requested an interim increase of \$2,312,853. The Company calculated the interim increase request using a 13-month average rate base of \$85,689,571, at a 7.35% rate of return using a 10.30% return on equity. The interim test year is the period ended September 30, 1995.

DOCUMENT NUMBER-DATE

09298 SEP-3 96

FPSC-RECORDS/REPORTING

Pursuant to Section 366.071, Florida Statutes, in determining the appropriate amount of an interim increase, the Company is authorized to make adjustments consistent with those which were used in the utility's most recent rate proceeding. By Order No. PSC-94-1570-FOF-GU, issued December 19, 1994, in City Gas' last rate case (Docket No. 940276-GU), we found the Company's jurisdictional rate base to be \$82,638,219 for the projected test year ending September 30, 1995. The authorized rate of return was found to be 7.26% for the test year using a 11.30% return on equity.

Upon review of the Company's interim filing, we find that City Gas should be granted an interim increase of \$2,151,503 (Attachment 5). This amount is based on an interim rate base of \$84,261,391 (Attachment 1), net operating income of \$4,851,182 (Attachment 2), and an overall rate of return of 7.34% (Attachment 3). Our adjustments to the Company's requested interim rate base, net operating income, and overall rate of return are discussed below.

### III. Rate Base

The Company proposes an interim test year rate base of \$85,689,571. Upon review of the Company's interim filing, we find that the appropriate interim test year rate base is \$84,261,391. The adjustments made by the Company are consistent with the adjustments made in its last rate case, except as noted below. (Attachments 1 and 1a)

**Adjustment 1:** Artwork - City Gas owns artwork which is displayed at its offices in Hialeah. In its last rate case, the Company removed the cost of this artwork from rate base. We agreed that the Company's adjustment was proper. Currently, the Company includes this adjustment on its monthly Earnings Surveillance Report. In this current rate case filing, the Company did not remove the cost of the artwork from rate base. Therefore, we have made an adjustment to reduce Account 399, Miscellaneous Tangible Property, by \$38,597. Normally, when there is a reduction in an asset, there would also be adjustments to the corresponding depreciation and reserve accounts. The Company has not depreciated the artwork; therefore, no further adjustments are required.

**Adjustment 2:** Common Plant - As part of its interim rate base adjustment, City Gas removed \$1,781,409 for Common Plant, \$434,462 for Accumulated Depreciation-Common Reserve, and \$50,087 for Common Plant Depreciation Expense. In the current and last rate cases, City Gas allocated the common plant using similar methodologies. The Company apportioned the plant, reserve and expense based on

square footage and usage, as well as, payroll distribution. There are several adjustments, however, to those amounts that need to be made to properly allocate the plant, reserve, and expense to non-regulated operations. These corrections are discussed below.

City Gas did not allocate 100% of the Former Propane Sales facilities to non-regulated operations. This facility was used to provide propane tank refill services and should not be allocated to City Gas' regulated operations.

City Gas has identified the square footage of several buildings that it has determined should be allocated among all NUI-Southern Division operations. However, not all of the areas identified should be allocated 100% among the Southern Division. It was not until mid-way through the fiscal year, April 1, 1995, that the Southern Division was first formed and operations for that division performed at the Hialeah offices. Therefore, only 50% of the costs associated with these areas should be allocated among all NUI-Southern operations. To do so, we have recalculated the allocation factors for the Southern Division using only 50% of the non-City Gas costs. Based on this recalculation, the City Gas Regulated operations factor is 75.86%, the City Gas Non-Regulated operations factor is 12.33%, and the non-City Gas operations factor is 11.81%.

The third item is the City Gas allocation of the Hialeah Building #955. The Company used a non-regulated factor of 17.84% in its estimation of common plant, reserve, and expense. This factor was calculated based upon the square footage of the building. The computation takes each area individually and applies an appropriate allocation factor depending upon whether the space is used for City Gas regulated, non-regulated, or other NUI-Southern activities. There are several areas that City Gas is allocating only to regulated and non-regulated operations, which we believe should be allocated to all NUI-Southern activities. Therefore, we recalculated the Hialeah Building #955 allocation factors, applying the NUI-Southern allocation factor to the areas in question. The new non-regulated factor for the Hialeah Building #955 is 20.75%.

As with the Building #955 factor, City Gas calculated a 13.35% non-regulated allocation factor for the 1001 Office based upon the square footage and usage of the facility. There are several areas that City Gas is allocating only to regulated and non-regulated operations, which we believe should be allocated between City Gas regulated, non-regulated, and other NUI-Southern activities. Therefore, we recalculated the 1001 Office allocation factors, applying the NUI-Southern allocation factors to the areas in

question. The new non-regulated factor for the 1001 Office is 21.70%.

As a result of the corrections to the Building #955 and 1001 Office factors, two additional corrections are necessary. For Account 391, Office Furniture & Equipment, the non-regulated operations factor applied is obtained from a weighted average of the five buildings used by City Gas. Therefore, we recomputed the Account 391 factors based upon the new Building #955 and 1001 Office factors. The new factor for Account 391 is 18.69%.

In addition, we modified the Hialeah General Office land allocation. The percentage is based upon the weighted average of the square footage used for Buildings #933 and #955. Using the new factor for Building #955, the non-regulated factor for the General Office land is 21.24%.

City Gas did not allocate to non-regulated operations several accounts that include common use assets. The accounts are Account 303, Miscellaneous Intangible Plant, and Account 398, Miscellaneous Equipment. Account 303 includes the cost of the left-turn lane, recently installed by the City of Hialeah in front of City Gas' Hialeah Buildings #955 and #933. The installation was at the Company's request. We believe the cost of the left-turn lane should be allocated to non-regulated operations based upon the operations performed in Buildings #955 and #933. Activities performed in Building #933 include City Gas utility and non-utility operations. These activities are also performed in Building #955, along other NUI-Southern activities. Because the left-turn lane serves both buildings, the non-regulated allocation factor for Account 303 should be the same as the Hialeah General Office land allocation factor which we have determined to be 21.24%.

Account 398 includes amounts for breathalyzer machines, ice machines, microwaves, lounge equipment, refrigerators, and other miscellaneous equipment used at all City Gas and NUI-Southern offices. We have allocated these assets to non-regulated operations based upon the 21.24% Office Furniture & Equipment allocation factor used for Account 391.

Finally, Account 399, Miscellaneous Tangible Property, was not allocated 100% to non-regulated operations. The amount in this account is for the artwork discussed in Adjustment 1.

Based upon the above changes, and adjustment 1 for the artwork, we removed an additional \$96,939 for common plant, \$29,777 for common plant reserve, and \$3,420 for common plant depreciation

expense. The following table summarizes the adjustments of each item:

City Gas Company of Florida Adjustment 2: Common Plant Summary			
ADJUSTMENT	PLANT	RESERVE	EXPENSE
NUI-Southern Factor	(\$59,869)	(\$19,982)	(\$2,358)
Former Propane Sales Facilities	23,224	4,457	231
Hialeah Building #955 Factor (1)	105,537	34,712	3,640
1001 Office Factor (1)	17,877	6,631	1,375
Miscellaneous Intangible Plant	4,980	1,639	199
Miscellaneous Equipment	5,190	2,320	333
<b>Total Adjustment</b>	<b>\$96,939</b>	<b>\$29,777</b>	<b>\$3,420</b>
<b>Note:</b> (1) - Office Furniture & Equipment and Hialeah General Office factors are based upon the changes in these items.			

**Adjustment 3:** PGA Overrecovery - The Company excluded a net overrecovery of \$424,090 from its calculation of working capital. We have a long standing policy of including overrecoveries in working capital, as we did in the Company's last rate case. Therefore, we included \$424,090 in fuel overrecoveries, as a liability, to reduce working capital.

**Adjustment 4:** Interest Receivable - The Company made an adjustment to remove \$429,053 for Interest Receivable. This account includes the interest receivable on the proceeds of industrial development bonds, which are invested in an interest-bearing account until drawn down for construction purposes. The funds and interest are used in the capital structure to reduce the debt principal and interest, and which thereby reduces the effective cost rate of debt. In its last rate case, City Gas did not have any interest receivable in working capital and made no adjustments to the per books amount. In this rate case, the Company made an adjustment to remove interest receivable from working capital. Since no adjustment was made in the last case, and



interest receivable is normally included as a component of working capital, the Company's adjustment should be reversed for interim purposes. In Adjustment 5 we include Interest Accrued in working capital, therefore, in fairness to the Company, Interest Receivable should also be included. Thus, we increased working capital by \$429,053 to reinstate the per books amount.

**Adjustment 5:** Interest Accrued - The Company made an adjustment to remove \$1,327,384 for Interest Accrued. This account includes interest payable on long-term debt, short-term debt, mid-term notes, bonds accrued, but not matured, and customer deposits. Normally, we include this liability in working capital as was done in the Company's last rate case. Therefore, to be consistent with the last rate case, we reduced working capital by \$1,327,384 to reinstate the per books amount.

#### IV. Net Operating Income

The Company proposed an interim test year net operating income of \$4,864,567. We find that the appropriate net operating income for the interim test year is \$4,851,182. 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. (Attachment 2)

**Adjustment 6:** Institutional or Goodwill Advertising - The Company included \$5,450 in expenses for institutional or goodwill advertising. In Order No. 6500, issued February 6, 1975, we defined the parameters for advertising which may be recovered in base rates. We classified advertising into four categories: informational, promotional, community affairs, and image building. The only allowable expense is informational advertising which is designed to inform the customer of proper emergency and safety precautions and procedures, of changes in rates and charges, conditions of service, methods to conserve energy and reduce usage, and similar matters. Therefore, as was done in City Gas' last rate case, we reduced expenses by \$5,450 for institutional or goodwill advertising.

**Adjustment 7:** CNG Outside Professional Services - The Company included an expense of \$3,750 in Account 923, Outside Services Employed, for the compressed natural gas project (CNG) at the airport. In City Gas' last rate case, we removed the expenses for this project since they were considered to be non-utility in nature. The expenses in the current case relate to the same project, therefore, we reduced Account 923 by \$3,750.

**Adjustment 8:** Property Taxes - For interim purposes, the Company reduced property taxes by \$48,401. This amount represents three separate adjustments to property taxes related to real property that were removed from rate base: \$30,774 for Treasure Coast, \$15,127 for Western Energy, and \$2,500 for Common Plant allocated to non-regulated property. We agree with the property tax adjustments for Treasure Coast and Western Energy because it appears they were calculated consistent with the method approved in the Company's last rate case. We find, however, that the Company's \$2,500 adjustment for property taxes related to Common Plant is not adequate. In the last rate case, we allocated \$1,251,259 of Common Plant and \$2,500 of common plant property taxes to non-regulated activities. The \$2,500 implies a millage rate of .0019 ( $\$2,500 / \$1,251,259$ ). For interim purposes, the Company allocated \$1,781,409 of Common Plant (an increased amount), but the same \$2,500 of common plant property taxes to non-regulated activities. We believe the allocation should be increased from \$2,500 to reflect the increased Common Plant allocated to non-regulated activities. Further, in Adjustment 2 above, we increased the Common Plant allocated to non-regulated activities by \$96,939 to \$1,878,348. Using the implied .0019 millage rate, we increased the Company's interim adjustment by \$1,069, from \$2,500 to \$3,569 ( $.0019 * \$1,878,348$ ).

**Adjustment 9:** Income Tax Expense - We increased Income Tax expense by \$5,151 to account for the income tax effect of our adjustments to the Company's interim net operating income.

**Adjustment 10:** Interest Reconciliation - We increased the interest reconciliation adjustment by \$21,923. We calculated this amount based on the effect of our adjustments to the Company's interim capital structure and cost rates.

**V. Overall Rate of Return:**

The Company proposed an interim return on equity (ROE) of 10.30% and an overall rate of return of 7.35%. We find the appropriate ROE is 10.30%, however, based on the effect of rate base adjustments on the capital structure, the appropriate overall rate of return for interim purposes is 7.34%. (Attachment 3)

For interim rates, City Gas filed a 13-month average capital structure for the year ended September 30, 1995. Consistent with its last rate case, City Gas adjusted the investor sources of its divisional capital structure to reflect the consolidated capital structure of NUI Corporation. Also consistent with the last rate case, the Company did not remove an amount for non-utility

investment from common equity in reconciling capital structure and rate base. This was done because the removal of an amount for non-utility investment solely from common equity would have caused the equity ratio to be well below a reasonable level.

In the Company's last rate case, we approved the currently authorized ROE at 11.30%. The 10.30% ROE the Company used for interim purposes is the low end of the range for the authorized ROE. An overall rate of return of 7.34% is slightly lower than the return requested by City Gas. The difference is due to the effect of rate base adjustments on the capital structure.

#### VI. Revenue Expansion Factor

We approve the revenue expansion factor of 1.6133 proposed by City Gas. We reviewed the Company's calculation of the factor and find that the components used in the calculation are appropriate. (Attachment 4).

#### VII. Allocation of Interim Rates

We find that City Gas' interim increase shall be applied uniformly across the board to all rate classes' base rates exclusive of fuel costs and collected on a cents-per-therm basis, as shown on Attachments 6 and 7. Such an application of rates complies with Rule 25-7.040, Florida Administrative Code. The interim rates shall be made effective for all meter readings taken on or after thirty days from the date of our vote and decision herein.

The Company shall give appropriate notice to its 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 our Bureau of Gas Regulation for approval prior to its use.

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

Interim revenues collected by City Gas shall be held, subject to refund, with interest, and the Company shall file an appropriate corporate undertaking. This is consistent with Commission policy and the interim order, Order No. PSC-94-0957-FOF-GU, issued in the Company's last rate case.



In determining whether any portion of the \$2,151,503 interim increase should be refunded, City Gas shall use the 1997 projected test year, as adjusted for interim purposes, to calculate any refund. This is appropriate because the test period for the permanent rates overlaps the period interim rates will be in effect.

Based on the foregoing, it is

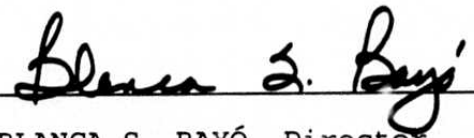
ORDERED by the Florida Public Service Commission that the rate schedules filed by City Gas Company of Florida on June 18, 1996, providing for a permanent increase in its rates and charges in the amount of \$5,283,344 are hereby suspended. It is further

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 \$2,151,503. It is further

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 3rd day of September, 1996.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

VDJ

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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 intermediate in nature, may request 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. Citizens of the State of Florida v. Mayo, 316 So. 2d 262 (Fla. 1975), states that an order on interim rates is not final nor reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

CITY GAS COMPANY OF FLORIDA  
 DOCKET NO. 960502-GU  
 COMPARATIVE AVERAGE RATE BASES  
 TYE 09/30/95

ATTACHMENT 1  
 28-Aug-96  
 INTERIM

ADJ NO	COMPANY			COMMISSION VOTE	
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	STAFF ADJS.	STAFF ADJUSTED
	PLANT IN SERVICE				
	UTILITY PLANT				
	142,684,549				
		(23,031,257)			
		(428,406)			
		(217,129)			
1	Artwork			(38,597)	
2	COMMON PLANT ALLOCATED	0	(1,781,409)		(96,939)
	ACQUISITION ADJUSTMENT				
	29,484,723				
		(29,335,430)			
		(21,415)			
	PLANT HELD FOR FUTURE USE				
	1,459,792				
		(971,253)			
		(488,539)			
	CONSTRUCTION WORK IN PROGRESS				
	3,263,842				
		(121,321)			
		(192,125)			
	<u>176,892,906</u>	<u>(56,588,284)</u>	<u>120,304,622</u>	<u>(135,536)</u>	<u>120,169,086</u>
	DEDUCTIONS				
	ACCUM DEPR. - PLANT IN SERVICE				
	49,308,086				
		(7,650,194)			
		(38,187)			
		(32,758)			
2	ACCUM DEPR. - COMMON PLANT	0	(434,462)		(29,777)
	ACCUM. DEPR. - ACQUISITION ADJ.				
	8,898,563				
		(6,284,436)			
		8,629			
		(100)			
	CUSTOMER ADVANCES FOR CONSTR	0	0		
	<u>56,006,649</u>	<u>(14,431,508)</u>	<u>41,575,141</u>	<u>(29,777)</u>	<u>41,545,364</u>
	NET UTILITY PLANT	<u>120,886,257</u>	<u>(42,156,776)</u>	<u>78,729,481</u>	<u>(105,759)</u>
	WORKING CAPITAL ALLOWANCE	<u>(41,943,387)</u>	<u>48,903,477</u>	<u>6,960,090</u>	<u>(1,322,421)</u>
	<u>78,942,870</u>	<u>6,746,701</u>	<u>85,689,571</u>	<u>(1,428,180)</u>	<u>84,261,391</u>

CITY GAS COMPANY  
 DOCKET NO. 960502-GU  
 COMPARATIVE WORKING CAPITAL COMPONENTS  
 TYE 09/30/95

ATTACHMENT 1A  
 28-Aug-96  
 INTERIM

ADJ. NO.	COMPANY AS FILED			COMMISSION VOTE		
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	STAFF ADJS.	STAFF ADJUSTED	
	WORKING CAPITAL	(41,943,387)				
	Other Special Funds	(13,266)				
	Merchandise, Jobbing & Other	(124,584)				
	Accum. Prov. Uncollectible Accts.	21,358				
	Receivables - Assoc. Companies	(1,302,187)				
	Materials & Supplies	1,017				
	Merchandise	(229,959)				
	Stores Expense	(4,649)				
	Prepayments	(15,272)		429,053		
4	Interest Receivable	(429,053)				
	Unamortized Debt Expense	(669,358)				
	Other WIP	(79,191)				
	Unamortized Rate Case Expense	(505,742)				
	Misc. Deferred Debits	(2,729,159)				
	Notes Payable	23,098,186				
	Accounts Payable	238				
	Accts. Payable to Assoc. Cos.	616,551				
	Customer Deposits	5,485,253				
	Taxes Accrued-General	69,510				
5	Interest Accrued	1,327,384		(1,327,384)		
	Allocation to M & J	(43,744)				
	Leased Appliance Receivables	(85,586)				
	Misc. Current Liabilities	586,767				
	Capital Leases - Current	18,543				
	Deferred Credits	2,310,848				
	Accum. Deferred Income Tax	19,988,364				
	Deferred ITC	1,611,208				
3	PGA Overrecovery			(424,090)		
	TOTALS	<u>(41,943,387)</u>	<u>48,903,477</u>	<u>6,960,090</u>	<u>(1,322,421)</u>	<u>5,637,669</u>

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CITY GAS COMPANY OF FLORIDA  
 DOCKET NO. 960502-GU  
 COMPARATIVE NOIs  
 TYE 09/30/95

ATTACHMENT 2  
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 28-Aug-96  
 INTERIM

ADJ. NO	COMPANY			COMMISSION VOTE	
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	STAFF ADJS.	STAFF ADJUSTED
	OPERATING REVENUES	51,470,773			
	Remove cost of gas		(20,761,529)		
	Leased appliances		(3,552,109)		
	Pro forma adjustment		258,164		
	<b>TOTAL REVENUES</b>	<u>51,470,773</u>	<u>(24,055,474)</u>	<u>27,415,299</u>	<u>0</u>
	OPERATING EXPENSES				
	OPERATION & MAINTENANCE EXPENSE	37,763,129			
	Remove cost of gas		(20,683,758)		
	Leased Appliances		(274,317)		
	AGA dues		(17,732)		
	Membership dues		(2,606)		
	Economic development expense		(7,004)		
	Executive salaries		(43,063)		
	Employee activities		(33,911)		
	Executive vehicles		(18,985)		
	Regulatory expense		(28,953)		
	A&G allocated to nonutility		(612,410)		
	Uncollectible accounts		(2,142)		
	MIS investigation		(10,012)		
6	Instit. or Goodwill Advertising			(5,450)	
7	CNG Outside Prof. Services			(3,750)	
	<b>TOTAL O &amp; M EXPENSE</b>	<u>37,763,129</u>	<u>(21,734,893)</u>	<u>16,028,236</u>	<u>(9,200)</u>
					<u>16,019,036</u>



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CITY GAS COMPANY OF FLORIDA  
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COMPARATIVE NOIs  
TYE 09/30/95

ATTACHMENT 2  
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28-Aug-96  
INTERIM

ADJ. NO	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION VOTE	
				STAFF ADJS.	STAFF ADJUSTED
	7,712,154				
		(1,860,918)			
		(985,092)			
		(528)			
		(10,548)			
		(501,811)			
2		(50,087)		(3,420)	
	7,712,154	(3,428,984)	4,283,170	(3,420)	4,279,750
	1,725,650				
		(77,771)			
8		(48,401)		(1,069)	
		(1,965)			
	0	0			
		968			
	1,725,650	(127,169)	1,598,481	(1,069)	1,597,412
9	(59,901)	260,484		5,151	
	(12,168)				
10		452,430		21,923	
	(72,069)	712,914	640,845	27,074	667,919
	47,128,864	(24,578,132)	22,550,732	13,385	22,564,117
	4,341,909	522,658	4,864,567	(13,385)	4,851,182

CITY GAS COMPANY OF FLORIDA  
 DOCKET NO. 960502-GU  
 INTERIM TEST YEAR ENDING SEPTEMBER 30, 1995

ATTACHMENT 3  
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	PER BOOKS	TO CONFORM W/RATIO OF INVESTOR SOURCES	SPECIFIC	PRO RATA	ADJUSTED	RATIO	COST RATE	WEIGHTED COST
COMMON EQUITY	46,450,548	(7,828,008)	0	(11,631,569)	26,990,971	32.03%	10.30%	3.30%
PREFERRED STOCK	0	0	0	0	0	0.00%	0.00%	0.00%
LONG TERM DEBT	32,492,322	15,283,300	0	(14,402,842)	33,372,780	39.61%	7.32%	2.90%
SHORT TERM DEBT	23,098,186	(7,455,292)	0	(4,716,502)	10,926,392	12.97%	5.78%	0.75%
CUSTOMER DEPOSITS	5,485,253		0		5,485,253	6.51%	6.00%	0.39%
TAX CREDITS-ZERO COST	1,611,208		(63,230)		1,547,978	1.84%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	0		0		0	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	18,475,639		(12,537,622)		5,938,017	7.05%	0.00%	0.00%
	<b>\$127,613,156</b>	<b>\$0</b>	<b>(\$12,600,852)</b>	<b>(\$30,750,913)</b>	<b>\$84,261,391</b>	<b>100.00%</b>		<b><u>7.34%</u></b>

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CITY GAS COMPANY OF FLORIDA  
DOCKET NO. 960502-GU  
NET OPERATING INCOME MULTIPLIER  
TYE 09/30/95

ATTACHMENT 4  
28-Aug-96  
INTERIM

<u>DESCRIPTION</u>	<u>COMPANY PER FILING</u>	<u>COMMISSION VOTE</u>
REVENUE REQUIREMENT	100.0000%	100.0000%
GROSS RECEIPTS TAX RATE	0.0000%	0.0000%
REGULATORY ASSESSMENT RATE	0.3750%	0.3750%
BAD DEBT RATE	0.2400%	0.2400%
NET BEFORE INCOME TAXES	<u>99.3850%</u>	<u>99.3850%</u>
STATE INCOME TAX RATE	5.5000%	5.5000%
STATE INCOME TAX	5.4662%	5.4662%
NET BEFORE FEDERAL INCOME TAXES	<u>93.9188%</u>	<u>93.9188%</u>
FEDERAL INCOME TAX RATE	34.0000%	34.0000%
FEDERAL INCOME TAX	31.9324%	31.9324%
REVENUE EXPANSION FACTOR	<u>61.9864%</u>	<u>61.9864%</u>
NET OPERATING INCOME MULTIPLIER	<u>1.6133</u>	<u>1.6133</u>

CITY GAS COMPANY OF FLORIDA  
 DOCKET 960502-GU  
 COMPARATIVE DEFICIENCY CALCULATIONS  
 TYE 09/30/95

ATTACHMENT 5  
 27-Aug-96  
 INTERIM

	<u>COMPANY ADJUSTED</u>	<u>COMMISSION VOTE</u>
RATE BASE (AVERAGE)	\$85,689,571	\$84,261,391
RATE OF RETURN	X <u>7.35%</u>	X <u>7.34%</u>
REQUIRED NOI	<u>\$6,298,183</u>	<u>\$6,184,786</u>
Operating Revenues	27,415,299	27,415,299
Operating Expenses:		
Operation & Maintenance	16,028,236	16,019,036
Depreciation & Amortization	4,283,170	4,279,750
Amortization of Environ. Costs	0	0
Taxes Other than Income Taxes	1,598,481	1,597,412
Income Taxes	640,845	667,919
Total Operating Expenses	22,550,732	22,564,117
ACHIEVED NOI	<u>4,864,567</u>	<u>4,851,182</u>
NET REVENUE DEFICIENCY	1,433,616	1,333,604
Revenue Tax Factor	1.6133	1.6133
TOTAL REVENUE DEFICIENCY	<u><u>\$2,312,853</u></u>	<u><u>\$2,151,503</u></u>

**CITY GAS COMPANY**  
**ALLOCATION OF INTERIM INCREASE**  
**BASED ON 12 MONTHS ENDED:      SEPTEMBER 30, 1995**

ATTACHMENT: 6  
DOCKET NO. 960502-GU

ORDER NO. PSC-96-1113-FOF-GU  
DOCKET NO. 960502-GU  
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(1)	PRESENT REVENUE					INTERIM INCREASE		
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
DATE SCHEDULE	BILLS	THERM SALES	CUSTOMER CHARGE	ENERGY CHARGE	(4)+(5) TOTAL	(6)X(8) \$ INCREASE	(7)/(6) % INCREASE	(7)/(3) INCREASE CENTS PER THERM
RS	1,087,910	21,165,456	\$6,527,820	\$8,387,506	\$14,915,326	\$1,178,612	7.90	5.569
GL	4,000	71,994	\$0	\$21,307	\$21,307	\$1,684	7.90	2.339
CS	55,331	45,118,286	\$663,972	\$8,014,293	\$8,678,265	\$685,758	7.90	1.520
NGV	58	92,994	\$1,728	\$12,539	\$14,267	\$1,127	7.90	1.212
IP	198	8,738,131	\$7,128	\$1,033,547	\$1,040,675	\$82,234	7.90	0.941
IL	36	7,664,573	\$5,400	\$846,629	\$852,029	\$67,328	7.90	0.878
CTS	67	878,837	\$804	\$156,121	\$156,925	\$12,400	7.90	1.411
ITS	169	7,688,365	\$21,744	\$909,380	\$931,124	\$73,578	7.90	0.957
ILT	36	5,474,608	\$9,450	\$604,725	\$614,175	\$48,532	7.90	0.886
CI-LVT	12	0	\$3,150	\$0	\$3,150	\$249	7.90	0.000
<b>TOTAL</b>	<b>1,147,817</b>	<b>96,893,244</b>	<b>\$7,241,196</b>	<b>\$19,986,047</b>	<b>\$27,227,243</b>	<b>\$2,151,503</b>	<b>7.90</b>	<b>2.220</b>



**CITY GAS COMPANY  
ALLOCATION OF INTERIM INCREASE  
BASED ON 12 MONTHS ENDED:**

ATTACHMENT: 7  
DOCKET NO. 960502-GU

**SEPTEMBER 30, 1995**

ORDER NO. PSC-96-1113-FOF-GU  
DOCKET NO. 960502-GU  
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<b>RATE SCHEDULE</b>	<b>PRESENT RATE</b>	<b>INTERIM RATE INCREASE</b>	<b>PROPOSED INTERIM RATE</b>
<b>RESIDENTIAL (RS)</b>			
CUSTOMER CHARGE	\$6.00	\$0.00	\$6.00
ENERGY CHARGE (cents/therm)	39.640	5.569	45.209
<b>GAS LIGHTING (GL)</b>			
CUSTOMER CHARGE	\$0.00	\$0.00	\$0.00
ENERGY CHARGE (cents/therm)	29.591	2.339	31.930
<b>COMMERCIAL (CS)</b>			
CUSTOMER CHARGE	\$12.00	\$0.00	\$12.00
ENERGY CHARGE (cents/therm)	17.763	1.520	19.283
<b>NATURAL GAS VEHICLE (NGV)</b>			
CUSTOMER CHARGE	\$12.00	\$0.00	\$12.00
ENERGY CHARGE (cents/therm)	13.484	1.212	14.696
<b>INTERRUPTIBLE PREFERRED (IP)</b>			
CUSTOMER CHARGE	\$36.00	\$0.00	\$36.00
ENERGY CHARGE (cents/therm)	11.828	0.941	12.769
<b>INTERRUPTIBLE LARGE VOLUME (IL)</b>			
CUSTOMER CHARGE	\$50.00	\$0.00	\$50.00
ENERGY CHARGE (cents/therm)	11.046	0.878	11.924
<b>COMMERCIAL TRANSPORTATION (CTS)</b>			
CUSTOMER CHARGE	\$12.00	\$0.00	\$12.00
ENERGY CHARGE (cents/therm)	17.763	1.411	19.174
<b>INTERRUPTIBLE TRANSPORTATION (ITS)</b>			
CUSTOMER CHARGE	\$150.00	\$0.00	\$150.00
ENERGY CHARGE (cents/therm)	11.828	0.957	12.785
<b>INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (ILT)</b>			
CUSTOMER CHARGE	\$300.00	\$0.00	\$300.00
ENERGY CHARGE (cents/therm)	11.046	0.886	11.932
<b>CONTRACT INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (CI-LVT)</b>			
CUSTOMER CHARGE	\$300.00	\$0.00	\$300.00
ENERGY CHARGE (cents/therm)	11.046	0.000	11.046