

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate
increase by Florida Public
Utilities Company.

DOCKET NO. 030438-EI
ORDER NO. PSC-03-1059-PCO-EI
ISSUED: September 23, 2003

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER SUSPENDING RATES

BY THE COMMISSION:

BACKGROUND

This proceeding commenced on August 14, 2003, with the filing of a petition for a permanent rate increase by Florida Public Utilities Company (FPUC or Company). FPUC requested an increase in its retail rates and charges to generate \$4,117,212 in additional gross annual revenues. This increase would allow the Company to earn an overall rate of return of 9.00% or a 12.00% return on equity (range 11.00% to 13.00%). FPUC has also requested a 100 basis point return on equity performance award that would increase the requested rate increase by approximately \$302,000. The Company based its request on a projected test year ended December 31, 2004. FPUC stated in its petition that this test year is the appropriate period to be utilized because it represents the conditions to be faced by the Company and is representative of the actual revenues, expenses and investments to be realized under the new rates. A significant aspect of this proceeding is the consolidation of FPUC's heretofore separate Fernandina Beach (Northeast) and Marianna (Northwest) Electric Divisions into a single entity for ratemaking purposes. FPUC has not requested any interim rate relief. We have jurisdiction pursuant to Section 366.06, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

SUSPENSION OF RATES

FPUC filed its petition, testimony, and minimum filing requirements on August 14, 2003. The Company has requested a total permanent base rate increase of \$4,117,121 based on a projected test year ending December 31, 2004.

Historically, especially when a projected test year has been involved, we have suspended the requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. The suspension of the rate increase is authorized by Section 366.06(3), Florida Statutes, which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Inasmuch as FPUC's requested permanent rate relief is based on a projected test year, we find it appropriate to suspend the requested permanent rate schedules in order to allow our staff and any intervenors sufficient time to adequately investigate whether the request for permanent rate relief is appropriate.

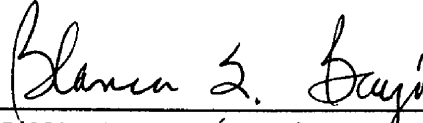
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the permanent base rate increase and associated tariff revisions requested by Florida Public Utilities Company are hereby suspended pending a final decision in this docket. It is further

ORDERED that this docket shall remain open pending the Commission's final resolution of the Company's requested rate increase.

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By ORDER of the Florida Public Service Commission this 23rd
Day of September, 2003.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

JSB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme

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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 the Commission Clerk and Administrative Services, 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.