

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Investigation into 2002 earnings of the gas division of Florida Public Utilities Company. | DOCKET NO. 050224-GU  
ORDER NO. PSC-05-0769-PAA-GU  
ISSUED: July 25, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman  
J. TERRY DEASON  
RUDOLPH "RUDY" BRADLEY  
LISA POLAK EDGAR

NOTICE OF PROPOSED AGENCY ACTION  
ORDER PROVIDING FOR DISPOSITION OF OVEREARNINGS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. Background

The Gas Division of Florida Public Utilities Company (FPUC, utility, or company) is engaged in business as a natural gas utility company providing distribution and gas transportation service to over 48,000 customers located in Palm Beach, Broward, Seminole and Volusia Counties. Through our continuing earnings surveillance program, our staff noted that the Gas Division of FPUC had reported an achieved return on equity (ROE) of 12.75% on its December 31, 2002 Earnings Surveillance Report (ESR). This reported ROE exceeded the 12.40% maximum authorized ROE by 35 basis points. Our staff requested an audit of FPUC's December 2002 ESR to verify the amount of any overearnings.

On March 7, 2003, FPUC submitted a letter to the staff of the Florida Public Service Commission in which it agreed to cap the earnings of the Gas Division at a 12.40% ROE for calendar year 2002. The disposition of any excess earnings was left to the discretion of the Commission. However, FPUC did reserve the right to request alternative treatments of the disposition of any excess earnings. Subsequently in Proposed Agency Action Order No. PSC-05-0490-PAA-GU, issued May 5, 2005 in Docket No. 050109-GU, In re: Petition for disposition of final true-up Non-Monitored Transportation Administrative Charge (NTAC) and Transportation Cost Recovery (TCR) factors, by Florida Public Utilities Company (PAA Order),

DOCUMENT NUMBER-DATE

07086 JUL 25 05

FPSC-COMMISSION OF FPM

we ordered that the final true-up under-recovery of \$25,190 be netted against the still-to-be determined amount of excess earnings for 2002. That PAA Order was consummated by Order No. PSC-05-0597-CO-GU, issued May 27, 2005. The company has also indicated that an acceptable disposition of any remaining 2002 excess earnings could offset storm damage costs that are being sought in Docket No. 041441-GU, In Re: Petition for approval of storm cost recovery clause to recover storm damage costs in excess of existing storm damage reserve by Florida Public Utilities Company. Our staff recommendation in the storm cost docket is currently scheduled to be filed on August 18, 2005.

We have jurisdiction over this matter pursuant to several provisions of Chapter 366, including Sections 366.04, 366.05 and 366.06, Florida Statutes.

## II. Overearnings Calculation

### A. Rate Base Calculation

Pursuant to the December 2002 ESR, the company reported a total "FPSC Adjusted" rate base of \$48,896,764. Based on the adjustments discussed below, we calculate the appropriate rate base for 2002 to be \$48,803,860. (Attachment A)

1. Non-Utility Plant and Accumulated Depreciation (Audit Exception 1): During the audit, the company recalculated the non-utility plant and accumulated depreciation adjustments using 2002 balances. This recalculation resulted in \$175,995 more plant, and \$83,030 more accumulated depreciation, being allocated to non-utility plant than was reported in the ESR. This adjustment has the net effect of reducing rate base by \$92,965. The related depreciation expense adjustment is addressed below.

2. Vending Machine Liability Fund (Audit Exception 3): The audit review of the working capital allowance revealed that a credit of \$787 related to the Vending Machine Liability Fund was incorrectly allocated to the Gas Division rather than to the Marianna Electric Division. Since this entry was made in December 2002, the 13-month average amount is \$61. Because the credit is a reduction of working capital, the \$61 adjustment to eliminate it increases working capital.

### B. Rate of Return

Based on the proper components, amounts, and costs rates associated with the capital structure for the period ended December 31, 2002, we find that the weighted average cost of capital is 7.27% for purposes of determining the amount of excess earnings for 2002. Attachment B details our determination of the overall rate of return.

We began with the 13-month average capital structure from the company's ESR for the period ended December 31, 2002. In its ESR, the company removed its investment in Flo-Gas entirely from common equity in a manner consistent with previous cases. In addition, the company specifically identified the balances of deferred taxes, investment tax credits, and customer deposits.

We used the respective cost rates included in the company's ESR with one exception. Per Audit Exception 4, we determined that the company had calculated the effective cost rate for customer deposits of 6.81% based on year-end 2000 data. Based on the auditor's recalculation of the cost rate using year-end 2002 data, the appropriate cost rate for customer deposits to be included in the 2002 average capital structure is 6.21%.

We also made a specific adjustment in the amount of \$68,354, which amount represents the calculation of the 13-month average balance of excess earnings for 2002. This amount was included as a separate line item in the capital structure and was assigned an effective cost rate of 1.69%. The cost rate on excess earnings is based on a 12-month average of the 30-day commercial paper rate. The 30-day commercial paper rate is applied pursuant to Rule 25-6.109, Florida Administrative Code. The treatment of excess earnings as a separate line item in the capital structure is consistent with our treatment of excess earnings in the 1999 earnings reviews of the Fernandina Beach Electric Division (Order No. PSC-00-1883-PAA-EI, issued October 16, 2000, in Docket No. 001147-EI, In Re: Investigation into 1999 Earnings of Florida Public Utilities Company – Fernandina Beach Division) and the Marianna Electric Division (Order No. PSC-00-1685-PAA-EI, issued September 20, 2000, in Docket No. 001146-EI, In Re: Investigation into 1999 Earnings of Florida Public Utilities Company – Marianna Division). Attachment C details our calculation of the amount of excess earnings for 2002.

Finally, we reconciled the adjustments to rate base on a pro rata basis over investor-supplied sources of capital. We established the return on common equity for the Gas Division of 11.40%, with a range from 10.40% to 12.40%, in Order No. PSC-95-0518-FOF-GU, issued April 26, 1995, in Docket No. 940620-GU, In Re: Application for a Rate Increase by Florida Public Utilities Company. Based upon the proper components, amounts, and cost rates associated with the capital structure for the period ended December 31, 2002, discussed above, and using the top of the authorized ROE range of 12.40%, the appropriate weighted average cost of capital for purposes of determining the amount of excess earnings for 2002 is 7.27%.

### C. Net Operating Income

Pursuant to the December 2002 ESR, the company reported an "FPSC Adjusted" net operating income of \$3,619,530. Based on the adjustments discussed below, we find that the appropriate net operating income for 2002 is \$3,632,014. (Attachment A)

1. Non-Utility Depreciation Expense (Audit Exception 2): When an audit request was issued for supporting documentation, the company recalculated the non-utility depreciation expense. Based on this recalculation, an additional \$7,834 of depreciation expense should have been allocated to non-utility. As a result, depreciation expense shall be decreased by \$7,843.

2. Actuarial Consultant Expenses (Audit Disclosure 4): A review of the outside auditor's working papers revealed that the company did not accrue 2002 expenses in the amount of \$9,742 for its actuarial consultant, AON Consulting. The expense was not booked until January 2003. Since these charges were for services rendered in 2002, the company should have included them in its expenses for 2002. Therefore, 2002 O&M expenses shall be increased by \$9,742.

3. Non-Monitored Transportation Clause (Audit Disclosure 6): The audit of the non-monitored transportation recovery clause for 2002 disclosed that the company included revenues and expenditures that were covered under its tariff. These items should not have been included in the non-monitored transportation recovery clause. Instead, they should have been included in revenue and expenses for earnings surveillance purposes for 2002. Therefore, revenues shall be increased by \$30,446 and expenses shall be increased by \$5,481.

4. Conservation Clause Expenses (Audit Disclosure 7): The audit of the 2002 conservation cost recovery clause revenues and expenses disclosed expenses for office supplies that were not necessarily for conservation employees. The expense of \$1,458 was subsequently removed from conservation related expenses. As a result, 2002 O&M expenses shall be increased by \$1,458 for these office supplies.

5. Charitable Contributions (Audit Disclosure 8): The audit revealed that the company included \$4,968 in its advertising expense accounts that could be classified as charitable contributions. As expressed in Order No. 6465, issued January 17, 1975 in Docket No. 9046-EU, In re: General Investigation of Promotional Practices of Electric Utilities, we generally do not include, for ratemaking purposes, the sponsorship of community activities and organizations that do not provide any tangible benefits to the ratepayers. See also, Southern Bell Telephone and Telegraph Company v. FPSC, 443 So. 2d 92, 96, 97 (Fla. 1983). It is the stockholders who shall assume the burden of financing any advertising that is related to community affairs. The items included in the \$4,968 include t-shirts, banners, posters, and employee registrations. Therefore, 2002 O&M expenses shall be reduced by \$4,968.

6. Advertising Expenses (Audit Disclosure 9): The audit disclosed that \$8,728 was included in advertising expenses that could be considered as image enhancing or community affairs orientated. In Order No. 6465, we stated that the sponsorship of community activities and organizations that do not provide any tangible benefits to the ratepayers shall not be included in expenses for ratemaking purposes. It is the stockholders who assume the burden of financing any advertising that is related to community affairs. We also stated a similar position regarding advertising that was determined to be image enhancing in nature (institutional advertising). Therefore, 2002 O&M expenses shall be reduced by \$8,728.

7. Interest Synchronization: As a result of a change to the customer deposit cost rate and the adjusted amounts for long-term debt, short-term debt and 2002 excess earnings components in the capital structure, interest expense decreased by \$25,079. Because interest expense is a deduction in the calculation of income taxes for net operating income purposes, the decreased interest expense results in a higher income tax expense. Utilizing a 37.60% income tax rate, the increase in income tax expense for 2002 is \$9,437.

8. Income Taxes: This is a fallout calculation based on the above adjustments to net operating income. As a result, total income taxes shall be increased by \$13,221 not including the specific \$9,437 income tax adjustment related to interest synchronization.

D. Total Overearnings for 2002

Based on our adjustments above, we calculate the excess earnings for 2002 to be \$136,709, plus interest of \$6,254 calculated through May 31, 2005, for a total amount of excess earnings, including interest, of \$142,963. (Attachment C and Attachment D) The excess earnings of \$136,709 represents an achieved 2002 ROE of 13.11% which exceeds the maximum authorized ROE of 12.40%.

III. Disposition of the 2002 Excess Earnings

Pursuant to Order No. PSC-05-0490-PAA-GU, issued May 5, 2005, in Docket No. 050109-GU, In re: Petition for disposition of final true-up Non-Monitored Transportation Administrative Charge (NTAC) and Transportation Cost Recovery (TCR) factors, by Florida Public Utilities Company, we ordered that the final true-up under-recovery of \$25,190 be netted against the still-to-be determined amount of excess earnings for 2002. The company has also indicated that an acceptable disposition of any remaining 2002 excess earnings could be to offset storm damage costs that are being sought in Docket No. 041441-GU, In Re: Petition for approval of storm cost recovery clause to recover storm damage costs in excess of existing storm damage reserve by Florida Public Utilities Company. In its original filing in Docket No. 041441-GU, FPUC's preliminary cost estimates show damages from the hurricanes in excess of \$600,000.

The total excess earnings of \$142,963, including interest, shall first be offset by the \$25,190 NTAC and TCR under-recovery true-up as authorized in Order No. PSC-05-0490-PAA-GU. The remaining \$117,773 of 2002 excess earnings shall be considered as an offset to the amount of storm restoration costs that FPUC is seeking in Docket No. 041441-GU.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the total overearnings for the Gas Division of Florida Public Utilities Company for 2002 is calculated to be \$136,709, plus interest of \$6,254 calculated through May 31, 2005, for a total amount of excess earnings, including interest, of \$142,963. It is further

ORDERED that the total excess earnings of \$142,963, including interest, shall first be offset by the \$25,190 Non-Monitored Transportation Administrative Charge and Transportation Cost Recovery under-recovery true-up as authorized in Order No. PSC-05-0490-PAA-GU. It is further


ORDERED that the remaining \$117,773 of 2002 excess earnings shall be considered as an offset to the amount of storm restoration costs that Florida Public Utilities Company is seeking in Docket No. 041441-GU. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak

Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 25th day of July, 2005.

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

( S E A L )

RRJ

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 that is available under Section 120.57, 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 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.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 15, 2005.

ORDER NO. PSC-05-0769-PAA-GU

DOCKET NO. 050224-GU

PAGE 7

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED GAS DIVISION  
DOCKET NO. 050224-GU  
REVIEW OF 2002 EARNINGS

ATTACHMENT A

|                                 | As Filed<br>FPSC<br>Adjusted<br>Basis | Audit Exception<br>1 & 2<br>Non-utility<br>Plant | Audit Exception<br>3<br>Vending<br>Machine Credit | Audit Disclosure<br>4<br>2002 Expenses<br>Not Accrued | Audit Disclosure<br>6<br>Non-Monitored<br>Transportation | Audit Disclosure<br>7<br>Conservation<br>Clause | Audit Disclosure<br>8<br>Charitable<br>Contributions | Audit Disclosure<br>9<br>Advertising<br>Expenses | Interest<br>Synch | Total<br>Adjustments | Total<br>Adjusted<br>Rate Base |
|---------------------------------|---------------------------------------|--|---|---|--|---|--|--|-------------------|----------------------|--------------------------------|
| <b><u>RATE BASE</u></b>         |                                       |  |   |   |  |   |  |  |                   |                      |                                |
| Plant in Service                | 67,552,283                            | (175,995)  |   |   |  |   |  |  |                   | (175,995)            | 67,376,288                     |
| Accumulated Depreciation        | (25,997,321)                          | 83,030   |   |   |  |   |  |  |                   | 83,030               | (25,914,291)                   |
| Net Plant in Service            | 41,554,962                            | (92,965)   | 0   | 0   | 0  | 0   | 0  | 0  | 0                 | (92,965)             | 41,461,997                     |
| Property Held for Future Use    | 0                                     |  |   |   |  |   |  |  |                   | 0                    | 0                              |
| Construction Work in Progress   | 4,818,655                             |  |   |   |  |   |  |  |                   | 0                    | 4,818,655                      |
| Net Utility Plant               | 46,373,617                            | (92,965)   | 0   | 0   | 0  | 0   | 0  | 0  | 0                 | (92,965)             | 46,280,652                     |
| Working Capital                 | 2,523,147                             |  | 61  |   |  |   |  |  |                   | 61                   | 2,523,208                      |
| Total Rate Base                 | 48,896,764                            | (92,965)   | 61  | 0   | 0  | 0   | 0  | 0  | 0                 | (92,904)             | 48,803,860                     |
| <b><u>INCOME STATEMENT</u></b>  |                                       |  |   |   |  |   |  |  |                   |                      |                                |
| Operating Revenues              | 20,507,151                            |  |   |   | 30,446   |   |  |  |                   | 30,446               | 20,537,597                     |
| Operating Expenses:             |                                       |  |   |   |  |   |  |  |                   |                      |                                |
| Operation & Maintenance – Fuel  | 0                                     |  |   |   |  |   |  |  |                   | 0                    | 0                              |
| Operation & Maintenance – Other | 10,457,256                            |  |   | 9,742   | 5,481  | 1,458   | (4,968)  | (8,728)  |                   | 2,985                | 10,460,241                     |
| Depreciation & Amortization     | 2,264,889                             | (7,834)  |   |   |  |   |  |  |                   | (7,834)              | 2,257,055                      |
| Taxes Other Than Income         | 3,294,357                             |  |   |   | 152  |   |  |  |                   | 152                  | 3,294,509                      |
| Income Taxes – Current          | 931,125                               |  |   | (3,666)   | 9,337  | (549)   | 1,869  | 3,284  | 9,437             | 19,713               | 950,838                        |
| Deferred Income Taxes (Net)     | (17,995)                              | 2,945  |   |   |  |   |  |  |                   | 2,945                | (15,050)                       |
| Investment Tax Credit (Net)     | (42,011)                              |  |   |   |  |   |  |  |                   | 0                    | (42,011)                       |
| (Gain)/Loss on Disposition      | 0                                     |  |   |   |  |   |  |  |                   | 0                    | 0                              |
| Total Operating Expenses        | 16,887,621                            | (4,889)  | 0   | 6,076   | 14,970   | 909   | (3,099)  | (5,444)  | 9,437             | 17,962               | 16,905,583                     |
| Net Operating Income            | 3,619,530                             | 4,889  | 0   | (6,076)   | 15,476   | (909)   | 3,099  | 5,444  | (9,437)           | 12,484               | 3,632,014                      |
| <b>OVERALL RATE OF RETURN</b>   |                                       |  |   |   |  |   |  |  |                   |                      |                                |
|                                 | 7.40%                                 |  |   |   |  |   |  |  |                   | 0.04%                | 7.44%                          |
| <b>RETURN ON EQUITY</b>         |                                       |  |   |   |  |   |  |  |                   |                      |                                |
|                                 | 12.75%                                |  |   |   |  |   |  |  |                   | 0.36%                | 13.11%                         |



FLORIDA PUBLIC UTILITIES COMPANY  
 CONSOLIDATED GAS DIVISION  
 DOCKET NO. 050224-GU  
 REVIEW OF 2002 EARNINGS

ATTACHMENT B

**CAPITAL STRUCTURE**  
**AS FILED - FPSC ADJUSTED**

|                             | Amount              | Ratio          | Cost Rate | Weighted Cost |
|-----------------------------|---------------------|----------------|-----------|---------------|
| Long Term Debt              | \$21,249,903        | 43.46%         | 7.97%     | 3.46%         |
| Short Term Debt             | 6,722,565           | 13.75%         | 2.05%     | 0.28%         |
| Preferred Stock             | 253,454             | 0.52%          | 4.75%     | 0.02%         |
| Customer Deposits           | 3,148,842           | 6.44%          | 6.81%     | 0.44%         |
| Common Equity               | 12,004,868          | 24.55%         | 12.40%    | 3.04%         |
| Deferred Revenues           | 0                   | 0.00%          | 0.00%     | 0.00%         |
| Deferred Income Taxes       | 5,117,031           | 10.46%         | 0.00%     | 0.00%         |
| Tax Credits - Zero Cost     | 696                 | 0.00%          | 0.00%     | 0.00%         |
| Tax Credits - Weighted Cost | 399,405             | 0.82%          | 8.28%     | 0.07%         |
| <b>Total</b>                | <b>\$48,896,764</b> | <b>100.00%</b> |           | <b>7.31%</b>  |

| ADJUSTED                    | Amount              | Adjustments Specific | Pro Rata           | Adjusted Total      | Ratio          | Cost Rate | Weighted Cost |
|-----------------------------|---------------------|----------------------|--------------------|---------------------|----------------|-----------|---------------|
| Long Term Debt              | \$21,249,903        |                      | (\$85,176)         | \$21,164,727        | 43.37%         | 7.97%     | 3.46%         |
| Short Term Debt             | 6,722,565           |                      | (26,946)           | 6,695,619           | 13.72%         | 2.05%     | 0.28%         |
| Preferred Stock             | 253,454             |                      | (1,016)            | 252,438             | 0.52%          | 4.75%     | 0.02%         |
| Customer Deposits           | 3,148,842           |                      |                    | 3,148,842           | 6.45%          | 6.21%     | 0.40%         |
| Common Equity               | 12,004,868          |                      | (48,119)           | 11,956,749          | 24.50%         | 12.40%    | 3.04%         |
| 2002 Excess Earnings        | 0                   | 68,354               |                    | 68,354              | 0.14%          | 1.69%     | 0.00%         |
| Deferred Income Taxes       | 5,117,031           |                      |                    | 5,117,031           | 10.48%         | 0.00%     | 0.00%         |
| Tax Credits - Zero Cost     | 696                 |                      |                    | 696                 | 0.00%          | 0.00%     | 0.00%         |
| Tax Credits - Weighted Cost | 399,405             |                      |                    | 399,405             | 0.82%          | 8.28%     | 0.07%         |
| <b>Total</b>                | <b>\$48,896,764</b> | <b>\$68,354</b>      | <b>(\$161,258)</b> | <b>\$48,803,860</b> | <b>100.00%</b> |           | <b>7.27%</b>  |

**INTEREST SYNCHRONIZATION**

|                      | Adjustments       | Cost Rate | Effect on Interest Exp. | Tax Rate | Effect on Income Taxes |
|----------------------|-------------------|-----------|-------------------------|----------|------------------------|
| Long Term Debt       | (\$85,176)        | 7.97%     | (\$6,789)               | 37.630%  | \$2,555                |
| Short Term Debt      | (26,946)          | 2.05%     | (552)                   | 37.630%  | 208                    |
| 2002 Excess Earnings | 68,354            | 1.69%     | 1,155                   | 37.630%  | (435)                  |
| Customer Deposits    | 0                 | 6.21%     | 0                       | 37.630%  | 0                      |
| <b>Total</b>         | <b>(\$43,769)</b> |           | <b>(\$6,186)</b>        |          | <b>\$2,328</b>         |

**CHANGE IN COST RATE**

|                   | Cost Rate as Filed | Revised Cost Rate | Difference | \$ Amount | Effect on Interest Exp. | Tax Rate | Effect on Income Taxes |
|-------------------|--------------------|-------------------|------------|-----------|-------------------------|----------|------------------------|
| Customer Deposits | 6.81%              | 6.21%             | -0.60%     | 3,148,842 | (18,893)                | 37.63%   | 7,109                  |

**TOTAL EFFECT ON INCOME TAXES**

|                          |                |
|--------------------------|----------------|
| Interest Synchronization | \$2,328        |
| Change in Cost Rate      | 7,109          |
| <b>Total</b>             | <b>\$9,437</b> |

ATTACHMENT C

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED GAS DIVISION  
DOCKET NO. 050224-GU  
REVIEW OF 2002 EARNINGS

|  |   |                  |
|--|---|------------------|
| Adjusted Rate Base                     |   | \$48,803,860     |
| Adjusted Required Rate of Return       | x | <u>7.27%</u>     |
| Required Net Operating Income          |   | \$3,548,041      |
| Adjusted Achieved Net Operating Income | - | <u>3,632,014</u> |
| Excess Net Operating Income            |   | 83,974           |
| Revenue Expansion Factor               | x | <u>1.628002</u>  |
| Excess Revenues                        |   | <u>\$136,709</u> |
| Excess Earnings - 13 Month Average     |   | <u>\$68,354</u>  |

FLORIDA PUBLIC UTILITIES COMPANY  
CONSOLIDATED GAS DIVISION  
DOCKET NO. 050224-GU  
REVIEW OF 2002 EARNINGS

ATTACHMENT D

Page 1 of 2

|                         | 2002    |          |        |        |        |        |        |        |           |         |          |          |
|-------------------------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|
|                         | January | February | March  | April  | May    | June   | July   | August | September | October | November | December |
| Beginning Balance       | 0       | 11,401   | 22,818 | 34,253 | 45,704 | 57,172 | 68,657 | 80,157 | 91,672    | 103,206 | 114,753  | 126,293  |
| Additions               | 11,392  | 11,392   | 11,392 | 11,392 | 11,392 | 11,392 | 11,392 | 11,392 | 11,392    | 11,392  | 11,392   | 11,392   |
| Ending Balance          | 11,392  | 22,793   | 34,211 | 45,645 | 57,096 | 68,564 | 80,049 | 91,549 | 103,065   | 114,598 | 126,145  | 137,686  |
| Average Balance         | 5,696   | 17,097   | 28,515 | 39,949 | 51,400 | 62,868 | 74,353 | 85,853 | 97,369    | 108,902 | 120,449  | 131,989  |
| <u>Interest Rate</u>    |         |          |        |        |        |        |        |        |           |         |          |          |
| Beginning of Month      | 1.780%  | 1.770%   | 1.750% | 1.770% | 1.750% | 1.770% | 1.750% | 1.730% | 1.710%    | 1.760%  | 1.650%   | 1.300%   |
| End of Month            | 1.770%  | 1.750%   | 1.800% | 1.750% | 1.770% | 1.750% | 1.730% | 1.710% | 1.760%    | 1.650%  | 1.300%   | 1.290%   |
| Monthly Average         | 1.775%  | 1.760%   | 1.775% | 1.760% | 1.760% | 1.760% | 1.740% | 1.720% | 1.735%    | 1.705%  | 1.475%   | 1.295%   |
| Interest                | 8       | 25       | 42     | 59     | 75     | 92     | 108    | 123    | 141       | 155     | 148      | 142      |
| Ending Bal. w/ Interest | 11,401  | 22,818   | 34,253 | 45,704 | 57,172 | 68,657 | 80,157 | 91,672 | 103,206   | 114,753 | 126,293  | 137,828  |

|                         | 2003    |          |         |         |         |         |         |         |           |         |          |          |
|-------------------------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|
|                         | January | February | March   | April   | May     | June    | July    | August  | September | October | November | December |
| Beginning Balance       | 137,828 | 137,975  | 138,120 | 138,260 | 138,396 | 138,535 | 138,662 | 138,781 | 138,903   | 139,025 | 139,148  | 139,267  |
| Additions               | 0       | 0        | 0       | 0       | 0       | 0       | 0       | 0       | 0         | 0       | 0        | 0        |
| Ending Balance          | 137,828 | 137,975  | 138,120 | 138,260 | 138,396 | 138,535 | 138,662 | 138,781 | 138,903   | 139,025 | 139,148  | 139,267  |
| Average Balance         | 137,828 | 137,975  | 138,120 | 138,260 | 138,396 | 138,535 | 138,662 | 138,781 | 138,903   | 139,025 | 139,148  | 139,267  |
| <u>Interest Rate</u>    |         |          |         |         |         |         |         |         |           |         |          |          |
| Beginning of Month      | 1.290%  | 1.270%   | 1.250%  | 1.180%  | 1.190%  | 1.210%  | 1.000%  | 1.050%  | 1.060%    | 1.060%  | 1.050%   | 1.000%   |
| End of Month            | 1.270%  | 1.250%   | 1.180%  | 1.190%  | 1.210%  | 1.000%  | 1.050%  | 1.060%  | 1.060%    | 1.050%  | 1.000%   | 1.060%   |
| Monthly Average         | 1.280%  | 1.260%   | 1.215%  | 1.185%  | 1.200%  | 1.105%  | 1.025%  | 1.055%  | 1.060%    | 1.055%  | 1.025%   | 1.030%   |
| Interest                | 147     | 145      | 140     | 137     | 138     | 128     | 118     | 122     | 123       | 122     | 119      | 120      |
| Ending Bal. w/ Interest | 137,975 | 138,120  | 138,260 | 138,396 | 138,535 | 138,662 | 138,781 | 138,903 | 139,025   | 139,148 | 139,267  | 139,386  |

|                      | 2004    |          |         |         |         |         |         |         |           |         |          |          |
|----------------------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|
|                      | January | February | March   | April   | May     | June    | July    | August  | September | October | November | December |
| Beginning Balance    | 139,386 | 139,507  | 139,624 | 139,738 | 139,855 | 139,976 | 140,114 | 140,278 | 140,457   | 140,654 | 140,872  | 141,116  |
| Additions            | 0       | 0        | 0       | 0       | 0       | 0       | 0       | 0       | 0         | 0       | 0        | 0        |
| Ending Balance       | 139,386 | 139,507  | 139,624 | 139,738 | 139,855 | 139,976 | 140,114 | 140,278 | 140,457   | 140,654 | 140,872  | 141,116  |
| Average Balance      | 139,386 | 139,507  | 139,624 | 139,738 | 139,855 | 139,976 | 140,114 | 140,278 | 140,457   | 140,654 | 140,872  | 141,116  |
| <u>Interest Rate</u> |         |          |         |         |         |         |         |         |           |         |          |          |
| Beginning of Month   | 1.060%  | 1.030%   | 0.980%  | 0.980%  | 1.030%  | 1.040%  | 1.330%  | 1.470%  | 1.600%    | 1.770%  | 1.940%   | 2.220%   |

