

Copy to Nanette

900151-GU

FLORIDA
PUBLIC UTILITIES COMPANY

ADDRESS REPLY TO COMPANY AT

P. O. Drawer C
West Palm Beach,
Florida 33402

February 20, 1990

Mr. Michael Wilson, Chairman
Florida Public Service Commission
101 East Gaines Street
Fletcher Building
Tallahassee, FL 32301-8153

Dear Mr. Wilson:

Florida Public Utilities Company is experiencing a declining rate of return on its natural gas operations. Our last gas rate case, Docket No. 850172-GU, authorized an increase in revenues which went into effect in June, 1986.

We now find it necessary to file with the Florida Public Service Commission for an increase in our rates and charges in order that we may have the opportunity to earn a fair rate of return on our investment in rate base.

We request permission to file the twelve month period ended December 31, 1989 as the historic test year and the twelve month period ending December 31, 1991 as the projected test year for determining rates and charges. We offer the following reasons for approval of this period.

1. The Company's last petition for full rate relief was filed in October 1985.
2. The overall rate of return for the twelve-month period ended December 31, 1989 was only 5.6%.
3. Increased plant replacement costs and increases in operating expenses have contributed to the current inadequate rate of return.
4. The twelve-month period ended December 31, 1989 is representative of the economic conditions we are now operating in and reflects normal Company operations.

DOCUMENT NUMBER-DATE

01804 FEB 26 1990

FPSC-RECORDS/REPORTING

Mr. Michael Wilson
Page 2
February 20, 1990

We plan to file the minimum filing requirements (MFR's) for rate relief no later than July 1, 1990.

If any additional information is needed, please let me know.

Yours very truly,

A handwritten signature in cursive script, appearing to read "F. C. Cressman".

F. C. Cressman
President