

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate increase )	DOCKET NO. 900151-GU
in natural gas operations by FLORIDA )	ORDER NO. 23516
PUBLIC UTILITIES COMPANY. )	ISSUED: 9-19-90
_____ )	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 FRANK S. MESSERSMITH

FINAL ORDER SUSPENDING PROPOSED PERMANENT  
 RATES AND AUTHORIZING INTERIM INCREASES

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On July 2, 1990, Florida Public Utilities Company requested an increase in its permanent rates and charges for its natural gas operations. Such an increase would allow the Company to earn an overall rate of return of approximately 9.06%, or a 14.50% return on equity. The Company also filed a separate petition in accordance with Section 366.071, Florida Statutes, requesting interim relief.

Section 366.06(3), Florida Statutes, imposes an affirmative obligation upon this Commission to decide within sixty (60) days of filing whether to withhold consent to all or part of a utility's proposed permanent rate increase. If the Commission withholds consent to the implementation of the new rate schedules, it must deliver to the utility a reason or written statement of good cause for withholding consent.

Upon review of the petition and the rate increases proposed therein, we find that the proposed rate schedules must

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FPSC-RECORDS/REPORTING

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be suspended pending the outcome of a formal hearing. We deem it necessary to withhold consent to the operation of the new rate schedules, to require further review of the underlying data and calculations and to require additional support and information in proceedings to be held in this docket.

#### INTERIM RELIEF

##### Rate Base

The Company has requested an interim test year rate base of \$19,779,782. We find that the appropriate interim test year rate base is \$19,912,427. Discussed below are the adjustments made to properly state the appropriate interim test year rate base of \$19,912,427. (Attachment 1).

Adjustment 1: Allocation of Common Plant - The Company made an adjustment of \$962,602 allocating a portion of common plant costs to nonutility operations. Staff agrees with this adjustment.

Adjustment 2: Accumulated Depreciation of Common Plant - The Company made an adjustment of \$439,999 for the accumulated depreciation associated with common plant in Adjustment 1. Staff agrees with this adjustment.

Adjustment 3: Working Capital - The Company included negative working capital of \$135,645 in its calculation of rate base. Staff, in accordance with past Commission policy, has adjusted working capital to zero.

##### Net Operating Income

The Company has requested an interim test year net operating income of \$1,167,872. We find that this is appropriate. Discussed below are the Company's adjustments used to determine net operating income of \$1,167,872. Staff agrees that all of the adjustments are appropriate.

Adjustment 4: Fuel Revenue Adjustment - The Company eliminated the impact of fuel revenues of \$15,279,211, gas costs of \$15,136,981, and related taxes of \$160,032. Staff accepts the Company's adjustment since fuel related items are examined in separate Purchased Gas Recovery Clause proceedings.

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Adjustment 5: Nonutility Propane Sales - The Company reduced operating revenues by \$75,782 to remove the mark up on propane purchased by FPUC and sold to its LP affiliate, Flo-Gas. Staff agrees that nonutility revenues should be removed from the regulated entity's calculation of net operating income.

Adjustment 6: Gas Used by the Company - The Company increased expenses by \$22,316 for the cost of natural gas used by the Company. Staff agrees that it is appropriate to add back the cost of Company used gas since the total cost of purchased gas was removed in adjustment 5, above.

Adjustment 7: Odorant Expenses - Odorant is bought in bulk quantities every few years. Since odorant was purchased during the historic base year, the Company decreased expenses \$12,249 to reflect only the cost of odorant used in the historic base year. Staff agrees with this adjustment.

Adjustment 8: Uncollectible Accounts - The Company adjusted uncollectible accounts expense by \$6,748 to bring the expense down to the level determined using the average charge off rate from the past three calendar years. Staff agrees that such an adjustment is appropriate.

Adjustment 9: Nonutility Expenses - The Company made an adjustment removing nonutility expenses of \$20,077 relating to LP operations from utility net operating income. Staff agrees that these expenses should be removed.

Adjustment 10: Undistributed Payroll - Each year, the Company makes an adjustment to accrue undistributed payroll as of December 31. The 12/31/88 adjustment contained an error that was adjusted during 1989. Consequently, the historic base year contained a credit of \$11,200 applicable to the prior year's payroll expenses. Staff agrees with the Company's adjustment increasing historic base year expenses to remove the effect of the credit.

Adjustment 11: FERC Regulatory Expense - In 1989, the Company incurred larger than normal regulatory expenses as an intervenor in various filings of Florida Gas Transmission Company before the Federal Energy Regulatory Commission (FERC). The Company, estimating that about one third of the expense would be recurring, made an adjustment reducing

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historic base year expenses by \$85,703. Staff agrees with the removal of the nonrecurring portion of this expense.

Adjustment 12: Depreciation Study Expense - The Company increased expenses by \$2,400 for one fifth of the cost of preparing the Commission required depreciation study. This adjustment is in keeping with Commission policy to allow utilities to amortize the cost of depreciation studies over five years.

Adjustment 13: System Mapping Expense - The Company removed \$12,900 for system mapping from historic base year expenses. The mapping of Sanford's piping system, completed in 1989, is not a recurring expense. Staff agrees with this adjustment.

Adjustment 14: Merchandise Advertising - The Company removed merchandise advertising expenses of \$4,531 from the historic base year N.O.I. Staff agrees with this adjustment.

Adjustment 15: Warehouse Roof Repairs - The Company made a \$8,682 adjustment reducing historic base year expenses for nonrecurring roof repairs to the West Palm Beach warehouse. Staff agrees with this adjustment.

Adjustment 16: Correction of Depreciation Computation - The Company made an adjustment to correct a \$4,776 error found in the amount of depreciation expense. Staff agrees with this adjustment.

Adjustment 17: Nonregulated Depreciation Expense - Depreciation expense of \$27,321 relating to nonutility common plant was removed from historic base year expenses. Staff agrees with the Company's adjustment.

Adjustment 18: Nonutility Property Taxes - Property taxes on the nonutility portion of the general office as well as on the LP and merchandise plant were removed from historic base year expenses. Staff agrees with the Company's adjustment.

Adjustment 19: Prior Year Emergency Excise Taxes - At the end of each calendar year, the Company accrues expenses for the amount of estimated taxes. Differences between estimated and actual taxes are booked in the following year. During 1989, the Company had booked a \$1,487 credit for the difference

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between emergency excise taxes estimated at 12/31/88 and the amount actually paid during 1989. The Company made a subsequent adjustment of \$1,487 to remove the effect of the credit from historic base year expenses. Staff agrees with this adjustment.

Adjustment 20: Prior Year Federal Income Taxes - In 1989, the Company booked a debit of \$96,955 to recognize additional federal income tax expense applicable to 1988 operations. To reflect only the federal income tax expense applicable to the historic base year, the Company made an adjustment decreasing the expense by \$96,955. Staff agrees with this adjustment.

Adjustment 21: Federal Income Tax Interest Synchronization - The Company increased federal income taxes by \$14,290 to provide for the tax effect of the difference between interest deductible on the tax return and interest deductible for regulatory purposes. Staff notes that the Company made a minor error in calculating the amount of utility adjusted interest. However, the impact on the historic base year N.O.I. is negligible. Therefore, Staff agrees with the Company's adjustment.

Adjustment 22: Tax Effect of Adjustments on Federal Income Tax - The Company increased federal income taxes by \$37,123 for the effect of the above adjustments on historic base year N.O.I.. Staff agrees with this adjustment.

Adjustment 23: Prior Year State Income Taxes - In 1989, the Company booked a debit of \$3,807 for additional state income tax expense applicable to 1988 operations. To reflect only the state income tax expense applicable to the historic base year, the Company made an adjustment decreasing the expense by \$3,807. Staff agrees with this adjustment.

Adjustment 24: State Income Tax Interest Synchronization - The Company increased state income taxes by \$2,446 to provide for the tax effect of the difference between interest deductible on the tax return and interest deductible for regulatory purposes. Staff notes that the Company made a minor error in calculating the amount of utility adjusted interest. However, the impact on the historic base year N.O.I. is negligible. Therefore, Staff agrees with the Company's adjustment.

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Adjustment 25: Tax Effect of Above Adjustments on State Income Tax - The Company increased state income taxes by \$6,355 for the effect of the above adjustments on historic base year N.O.I. Staff agrees with this adjustment.

Adjustment 26: Prior Year Adjustment of Deferred Federal Income Taxes - The Company made an adjustment of \$43,717 increasing deferred federal income taxes to remove the effect of 1988 taxes from the historic base year. Staff agrees with this adjustment.

Adjustment 27: Prior Year Adjustment of Deferred State Income Taxes - The Company made an adjustment of \$14,303 increasing deferred state income taxes to remove the effect of 1988 taxes from the historic base year. Staff agrees with this adjustment.

#### Rate of Return

The Company has requested an interim return on equity of 13.50% and an overall rate of return of 8.98%. We find that the appropriate rates of return on equity and overall rate of return for purposes of determining the interim increase are 13.50% and 8.92%, respectively. —

We find that the Company did not fully take into account Treasury Stock in its consolidated capital structure when it allocated investor-supplied sources of capital to the Gas Operations Division. We have made an adjustment which had the effect of allocating the investor-supplied sources of capital at the Gas Operations Division in the same proportional amounts which exist in the Company's consolidated capital structure.

In addition, we have made specific adjustments to the Common Equity, Preferred Equity, and Short-term Debt balances to exclude the effect of the Company's reacquisition of \$410,000 of 4.75% preferred stock. This adjustment is consistent with the action we took in the last rate case (Order No. 16195, Docket No. 850172-GU).

Finally, the Company made a pro rata adjustment of \$70,886 to the investor-supplied sources of capital. The adjustment was made to reconcile the capital structure with rate base after the removal of under-recovery of natural gas from the

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balance sheet. However, the Bureau of Gas made an adjustment of \$135,645 to bring the negative working capital balance to zero. Staff made a pro rata adjustment for the net amount of \$64,759 across all sources of capital to reconcile the capital structure with rate base.

Attachment 3, Page 1 of 2, details Staff's position and Attachment 3, Page 2 of 2, details the Company's position.

Interim Relief

The Company requested \$997,055 in interim relief for the historic base year ended 12/31/89. This would have allowed the Company to earn an overall rate of return of 8.98%. Based on the previously discussed adjustments, we have has determined the interim rate base to be \$19,912,427 (Attachment 1) and the net operating income to be \$1,167,872 (Attachment 2). Applying a 8.92% overall rate of return (Attachment 3) results in a revenue deficiency of \$997,437. In compliance with Commission policy, the revenue deficiency of \$997,437 is reduced to the deficiency requested by the Company of \$977,055 (Attachment 5).

Allocation of Interim Increase

In accordance with Rule 25-7.040, Florida Administrative Code, any interim authorized should be applied uniformly across the board to all rate classes' base rates exclusive of fuel cost and collected on a cents-per-therm basis, as shown on Attachment 6.

The interim rates should be made effective for all meter readings taken on or after thirty days from the date of the vote and decision herein.

The Company is required to 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 should be submitted to the Bureau of Gas Regulation for approval prior to its use.

The interim rate increases granted the Florida Public Utilities Company shall be collected subject to refund, with

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interest, and the refund (including interest) shall be guaranteed by an appropriate corporate undertaking to be filed by the utility.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that consent to the rate schedules filed by the Florida Public Utilities Company on July 2, 1990, requesting a permanent rate increase of \$19,779,782 is withheld, and the rate schedules are suspended pending further order of this Commission. It is further

ORDERED that the additional revenues approved in this Order shall be collected subject to the refund, with interest, and the Company shall file a corporate undertaking guaranteeing the refunds (including interest). It is further

ORDERED that the interim rates approved by this Order shall be effective for meter readings taken on or after September 27, 1990. It is further

ORDERED that Florida Public Utilities Company provide each customer with notice of the interim award and that such notice shall first be approved by the Division of Electric and Gas of the Florida Public Service Commission and shall accompany the first bill which reflects the interim increase.

By ORDER of the Florida Public Service Commission,  
this 19th day of SEPTEMBER, 1990.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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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 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 Appellate 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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FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 900151-GU  
COMPARATIVE AVERAGE RATE BASES  
TYE 12/31/89

Attachment 1  
August 28, 1990  
Interim

ADJ NO.	COMPANY			STAFF	
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS ADJUST.	ADJ. JURIS.
<u>Utility Plant:</u>					
1	Plant in Service	\$28,993,764	(\$962,602)		
	Common Plant Allocated	\$671,945			
	Acquisition Adjustment	\$303,400			
	Construction Work In Progress	\$949,440			
	Total Plant	<u>\$30,177,708</u>	<u>(\$962,602)</u>	<u>\$29,208,106</u>	<u>\$0</u> <u>\$29,208,106</u>
<u>Deductions:</u>					
2	Accum. Depr. & Amort.-Utility Plant	\$8,813,676	(\$439,999)		
	Accum. Depr.-Common Plant	\$301,275			
	Accum. Amort.-Acquisition Adj.	\$296,997			
	Customer Advances for Construction	\$323,730			
	Total Deductions	<u>\$9,735,678</u>	<u>(\$439,999)</u>	<u>\$9,295,679</u>	<u>\$0</u> <u>\$9,295,679</u>
	Net Plant	<u>\$20,442,030</u>	<u>(\$529,603)</u>	<u>\$19,912,427</u>	<u>\$0</u> <u>\$19,912,427</u>
<u>Allowance for Working Capital:</u>					
3	Balance Sheet Method	(\$135,645)	\$0	(\$135,645)	\$135,645
	Total Rate Base	<u>\$20,306,385</u>	<u>(\$529,603)</u>	<u>\$19,776,782</u>	<u>\$135,645</u> <u>\$19,912,427</u>

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FLORIDA PUBLIC UTILITIES COMPANY  
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COMPARATIVE NOIs  
TYE 12/31/89

Attachment 2  
Page 1 of 2  
Interim

ADJ NO	COMPANY		STAFF		ADJUSTED JURIS.
	PER BOOKS	ADJUST.	COMPANY ADJUST.	ADJUSTS.	
	Operating Revenues:	\$23,574,072			
4	Fuel Revenue Adjustment		(\$15,279,211)		
5	Remove Propane Sales		(\$75,782)		
	Totals	<u>\$23,574,072</u>	<u>(\$15,354,993)</u>	<u>\$8,219,079</u>	<u>\$0</u>
	Operating Expenses:	\$20,547,420			
4	Remove Cost of Gas		(\$15,136,981)		
6	Add Cost of Co. Use Gas		\$22,316		
7	Odorant Expense		(\$12,249)		
8	Uncollectible Accounts		(\$6,748)		
9	Remove Nonutility LP Exp.		(\$20,077)		
10	Undistributed Payroll		\$11,200		
11	FERC Regulatory Expense		(\$85,703)		
12	Depreciation Study Exp.		\$2,400		
13	System Mapping Expense		(\$12,900)		
14	Merchandise Advertising		(\$4,531)		
15	Warehouse Roof Repairs		(\$8,682)		
	Totals	<u>\$20,547,420</u>	<u>(\$15,251,955)</u>	<u>\$5,295,465</u>	<u>\$0</u>
	Depreciation and Amortization:	\$971,870			
16	Correct Depreciation Computation		(\$4,776)		
17	Nonregulated Depreciation Exp.		(\$27,321)		
	Totals	<u>\$971,870</u>	<u>(\$32,097)</u>	<u>\$939,773</u>	<u>\$0</u>
	Taxes Other Than Income:	\$933,525			
4	Remove Fuel Related Taxes		(\$160,032)		
18	Nonutility Property Taxes		(\$27,937)		
19	Adjust Emergency Excise Tax		\$1,487		
	Totals	<u>\$933,525</u>	<u>(\$186,482)</u>	<u>\$747,043</u>	<u>\$0</u>
	Federal Income Taxes:	(\$66,544)			
20	Prior Year Adjustment		(\$96,955)		
21	Interest Synchronization		\$14,290		
22	Tax Effect of Above Adjustments		\$37,123		
	Totals	<u>(\$66,544)</u>	<u>(\$45,542)</u>	<u>(\$112,086)</u>	<u>\$0</u>

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FLORIDA PUBLIC UTILITIES COMPANY  
 DOCKET NO. 900151-GU  
 COMPARATIVE NOIs  
 TYE 12/31/89

Attachment 2  
 Page 2 of 2  
 Interim

ADJ NO	COMPANY		STAFF		ADJUSTED JURIS.
	PER BOOKS	ADJUST.	COMPANY ADJUST.	ADJUSTS.	
	State Income Taxes:	(\$23,712)			
23	Prior Year Adjustment		(\$3,807)		
24	Interest Synchronization		\$2,446		
25	Tax Effect of Above Adjustments		\$6,355		
	Totals	(\$23,712)	\$4,994	(\$18,718)	\$0
	Deferred Income Taxes:				
	Federal	\$159,474			
26	Prior Year Adjustment		\$43,717		
	State	\$20,876			
27	Prior Year Adjustment		\$14,303		
	Totals	\$180,350	\$58,020	\$238,370	\$0
	Investment Tax Credit:	(\$38,640)	\$0		
	Totals	(\$38,640)	\$0	(\$38,640)	\$0
	Total Operating Expenses	\$22,504,269	(\$15,453,062)	\$7,051,207	\$0
	Net Operating Income	\$1,069,803	\$98,069	\$1,167,872	\$0

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Attachment 3  
 Page 1 of 2

FPUC GAS OPERATIONS  
 DOCKET NO. 900151-GU  
 COST OF CAPITAL - 13 MONTH AVERAGE  
 TEST YEAR ENDED 12/31/89, INTERIM  
 STAFF POSITION

CAPITAL COMPONENT	COMPANY FILING	INVESTOR CAPITAL ADJUSTED	ADJUSTMENTS			RATIO	% COST RATE	% WEIGHTED COST
			SPECIFIC	PRO RATA	ADJUSTED			
COMMON EQUITY	5,648,405	5,519,742	(96,809)	17,694	5,569,290	0.2797	13.50	3.7758
PREFERRED EQUITY	238,367	232,925	155,116	1,266	394,749	0.0198	4.75	0.0942
LONG-TERM DEBT	7,700,900	7,840,626	0	25,582	7,726,482	0.3880	9.78	3.7949
SHORT-TERM DEBT	467,874	462,253	(58,307)	1,318	410,885	0.0206	9.41	0.1942
CUSTOMER DEPOSITS	1,234,508	1,234,508	0	4,028	1,238,536	0.0622	8.46	0.5262
DEFERRED INCOME TAXES	3,561,100	3,561,100	0	11,619	3,572,719	0.1794	0.00	0.0000
TAX CREDITS - ZERO COST	40,819	40,819	0	133	40,952	0.0021	0.00	0.0000
TAX CREDITS - WTD COST	955,695	955,695	0	3,118	958,813	0.0482	11.15	0.5369
TOTAL	19,847,668	19,847,668	0	64,759	19,912,427	1.0000		8.9221

COST RATE FOR ITC:

CAPITAL COMPONENT	ADJUSTED	RATIO	% COST RATE	% WEIGHTED COST
COMMON EQUITY	5,569,290	0.4068	13.50	5.4918
PREFERRED STOCK	394,749	0.0205	4.75	0.1370
LONG-TERM DEBT	7,726,482	0.5644	9.78	5.5195
TOTAL	13,690,521	1.0000		11.1483

FPUC GAS OPERATIONS  
 DOCKET NO. 900151-GU  
 COST OF CAPITAL - 13 MONTH AVERAGE  
 TEST YEAR ENDED 12/31/89, INTERIM  
 COMPANY POSITION

CAPITAL COMPONENT	COMPANY FILING	ADJUSTMENTS				RATIO	% COST RATE	% WEIGHTED COST
		SPECIFIC	PRO RATA	ADJUSTED				
COMMON EQUITY	5,648,405	0	(28,486)	5,619,919	0.2842	13.50	3.8363	
PREFERRED EQUITY	238,367	0	(1,202)	237,165	0.0120	4.75	0.0570	
LONG-TERM DEBT	7,700,900	0	(38,838)	7,662,062	0.3874	9.78	3.7890	
SHORT-TERM DEBT	467,874	0	(2,360)	465,514	0.0235	9.41	0.2215	
CUSTOMER DEPOSITS	1,234,508	0	0	1,234,508	0.0624	8.46	0.5281	
DEFERRED INCOME TAXES	3,561,100	0	0	3,561,100	0.1801	0.00	0.0000	
TAX CREDITS - ZERO COST	40,819	0	0	40,819	0.0021	0.00	0.0000	
TAX CREDITS - WTD COST	955,695	0	0	955,695	0.0483	11.24	0.5432	
TOTAL	19,847,668	0	(70,886)	19,776,782	1.0000		8.9750	

COST RATE FOR ITC:

CAPITAL COMPONENT	ADJUSTED	RATIO	% COST RATE	% WEIGHTED COST
PREFERRED STOCK	237,165	0.0175	4.75	0.0833
LONG-TERM DEBT	7,662,062	0.5668	9.78	5.5429
TOTAL	13,519,146	1.0000		11.2382

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Florida Public Utilities Company  
 Docket No. 900151-GU  
 Net Operating Income Multiplier  
 TYE 12/31/89

Attachment 4  
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<u>Description</u>	<u>%</u>
Revenue Requirement	100.0000%
Gross Receipts Tax Rate	1.5000%
Regulatory Assessment Fee	0.3750%
Bad Debt Rate	0.3410%
Net Before Income Taxes	97.7840%
State Income Tax Rate	5.5000%
State Income Tax	5.3781%
Net Before Federal Income Tax	92.4059%
Federal Income Tax Rate	34.0000%
Federal Income Tax	31.4180%
Revenue Expansion Factor	60.9879%
Net Operating Income Multiplier	1.6397

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Florida Public Utilities Company  
 Docket No. 900151-GU  
 Comparative Deficiency Calculations  
 TYE 12/31/89

Attachment 5  
 August 28, 1990  
 Interim

	<u>Company</u>	<u>Staff</u>
Rate Base (Average)	\$19,776,782	\$19,912,427
Rate of Return	X 8.9800%	X 8.9200%
Required N.O.I.	<u>\$1,775,955</u>	<u>\$1,776,188</u>
Operating Revenues	\$8,219,079	\$8,219,079
Operating Expenses:		
Operation and Maintenance	\$5,295,465	\$5,295,465
Depreciation and Amortization	\$939,773	\$939,773
Taxes Other Than Income Taxes	\$747,043	\$747,043
Current Income Taxes—Federal	\$112,086	\$112,086
—State	\$18,718	\$18,718
Deferred Income Taxes	\$238,370	\$238,370
Investment Tax Credit	\$38,640	\$38,640
Total Operating Expenses	<u>\$7,051,207</u>	<u>\$7,051,207</u>
Achieved N.O.I.	<u>\$1,167,872</u>	<u>\$1,167,872</u>
N.O.I. Deficiency (Required - Achieved)	\$608,083	\$608,316
N.O.I. Multiplier	X 1.639670	X 1.639670
Revenue Increase	<u>\$997,055</u>	\$997,438
Adjust to Company Request - See Note		(\$383)
Revenue Increase		<u>\$997,055</u>

Note: Staff's calculations resulted in a slightly higher revenue increase. However, Commission policy is to grant no greater relief than requested by the Company. The difference, in this case, is immaterial.



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COMPANY: FLORIDA PUBLIC UTILITIES  
 ALLOCATION OF INTERIM INCREASE  
 BASED ON 12 MONTHS ENDED: DECEMBER 31, 1989

ATTACHMENT 6

(1)	<u>PRESENT REVENUE</u>				<u>INTERIM INCREASE</u>			
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>SCHEDULE</u>	<u>BILLS</u>	<u>SALES</u>	<u>CHARGE</u>	<u>ENERGY CHARGE</u>	<u>TOTAL</u>	<u>INCREASE</u>	<u>INCREASE</u>	<u>INCREASE</u>
		<u>THERM</u>	<u>CUSTOMER</u>			<u>\$</u>	<u>%</u>	<u>CENTS</u>
					(4)+(5)	(6)X(8)	(7)/(6)	(7)/(3)
								<u>PER THERM</u>
RESIDENTIAL	365,310	8,585,864	\$2,145,914	\$1,798,684	\$3,944,598	\$487,638	12.36	5.6795
COMMERCIAL	17,360	3,377,253	\$95,438	\$770,953	\$866,391	\$107,105	12.36	3.1714
OUTDOOR LIGHTING	405	11,203	\$2,938	\$0	\$2,938	\$363	12.36	3.2420
INDUSTRIAL	15,440	19,822,158	\$248,376	\$2,659,604	\$2,907,980	\$359,490	12.36	1.8136
HOUSING AUTHORITY	11,346	356,277	\$45,003	\$20,922	\$65,925	\$8,150	12.36	2.2875
INTERRUPTIBLE	158	3,270,286	\$10,427	\$120,816	\$131,243	\$16,224	12.36	0.4961
INTERRUPT LG. VOL.	12	24,844,860	\$8,400	\$137,889	\$146,289	\$18,085	12.36	0.0728
<b>TOTAL</b>	<b>410,031</b>	<b>60,267,901</b>	<b>2,556,496</b>	<b>5,508,868</b>	<b>8,065,364</b>	<b>997,055</b>	<b>12.36</b>	<b>16.7629</b>

NOTE: REVENUE ABOVE DEVOID OF FUEL

<u>RATE SCHEDULE</u>	<u>PRESENT RATE</u>	<u>INTERIM RATE INCREASE</u>	<u>INTERIM PROPOSED RATE</u>
<u>RESIDENTIAL</u>			
CUSTOMER CHARGE	\$6.00	0	\$6.00
ENERGY CHARGE (cents/therm)	20.8490	5.6795	26.5285
<u>COMMERCIAL</u>			
CUSTOMER CHARGE	\$6.00	0	\$6.00
ENERGY CHARGE (cents/therm)	22.8470	3.1714	26.0184
<u>OUTDOOR LIGHTING</u>			
CUSTOMER CHARGE	\$4.65	\$0.58	\$5.23
ENERGY CHARGE (cents/therm)	0.0000	0.0000	0.0000
<u>INDUSTRIAL</u>			
CUSTOMER CHARGE	\$17.00	0	\$17.00
ENERGY CHARGE (cents/therm)	13.3330	1.8136	15.1466
<u>HOUSING AUTHORITY</u>			
CUSTOMER CHARGE	\$4.00	0	\$4.00
ENERGY CHARGE (cents/therm)	5.7100	2.2875	7.9975
<u>INTERRUPTIBLE</u>			
CUSTOMER CHARGE	\$70.00	0	\$70.00
ENERGY CHARGE (cents/therm)	3.6940	0.4961	4.1901
<u>INTERRUPT LG. VOL.</u>			
CUSTOMER CHARGE	\$700.00	0	\$700.00
ENERGY CHARGE (cents/therm)	0.5550	0.0728	0.6278

FLORIDA PUBLIC UTILITIES

COST OF SERVICE SUMMARY

RATE COMPARISON

RATE SCHEDULE:

RESIDENTIAL

INTERIM

PRESENT RATES

PROPOSED RATES

Customer Charge

6.00

Customer Charge

6.00

Energy Charge

Beginning therms	Ending therms	costs per therm
0	0	0
0	N/A	20.849

Energy Charge

Beginning therms	Ending therms	costs per therm
0	0	0
0	N/A	26.529

GAS COST CENTS/THERM

22.032

THERM USAGE INCREMENT

10

PRESENT

PROPOSED

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	8.08	10.29	8.65	10.86	7.02	5.52	0.57
20	10.17	14.58	11.31	15.71	11.17	7.79	1.14
30	12.25	18.86	13.96	20.57	13.90	9.03	1.70
40	14.34	23.15	16.61	25.42	15.84	9.81	2.27
50	16.42	27.44	19.26	30.28	17.29	10.35	2.84
60	18.51	31.73	21.92	35.14	18.41	10.74	3.41
70	20.59	36.02	24.57	39.99	19.30	11.04	3.98
80	22.68	40.30	27.22	44.85	20.03	11.27	4.54
90	24.76	44.59	29.88	49.70	20.64	11.46	5.11
100	26.85	48.88	32.53	54.56	21.15	11.62	5.68
110	28.93	53.17	35.18	59.42	21.59	11.75	6.25
120	31.02	57.46	37.83	64.27	21.97	11.86	6.82
130	33.10	61.75	40.49	69.13	22.30	11.96	7.38
140	35.19	66.03	43.14	73.98	22.60	12.04	7.95
150	37.27	70.32	45.79	78.84	22.86	12.11	8.52
160	39.36	74.61	48.45	83.70	23.09	12.18	9.09
170	41.44	78.90	51.10	88.55	23.30	12.24	9.66
180	43.53	83.19	53.75	93.41	23.49	12.29	10.22
190	45.61	87.47	56.40	98.26	23.66	12.34	10.79

FLORIDA PUBLIC UTILITIES  
 COST OF SERVICE SUMMARY  
 RATE COMPARISON

RATE SCHEDULE: COMMERCIAL

PRESENT RATES

Customer Charge  
6.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	22.847

INTERIM  
PROPOSED RATES

Customer Charge  
6.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	26.018

GAS COST CENTS/THERM  
22.032

THERM USAGE INCREMENT  
50

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		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
50	17.42	28.44	19.01	30.03	9.10	5.58	1.59
100	28.85	50.88	32.02	54.05	10.99	6.23	3.17
150	40.27	73.32	45.03	78.08	11.81	6.49	4.76
200	51.69	95.76	58.04	102.10	12.27	6.62	6.34
250	63.12	118.20	71.05	126.13	12.56	6.71	7.93
300	74.54	140.64	84.06	150.15	12.76	6.77	9.51
350	85.96	163.08	97.06	174.18	12.91	6.81	11.10
400	97.39	185.52	110.07	198.20	13.03	6.84	12.69
450	108.81	207.96	123.08	222.23	13.12	6.86	14.27
500	120.24	230.40	136.09	246.25	13.19	6.88	15.86
550	131.66	252.83	149.10	270.28	13.25	6.90	17.44
600	143.08	275.27	162.11	294.30	13.30	6.91	19.03
650	154.51	297.71	175.12	318.33	13.34	6.92	20.61
700	165.93	320.15	188.13	342.35	13.38	6.93	22.20
750	177.35	342.59	201.14	366.38	13.41	6.94	23.79
800	188.78	365.03	214.15	390.40	13.44	6.95	25.37
850	200.20	387.47	227.16	414.43	13.47	6.96	26.96
900	211.62	409.91	240.17	438.45	13.49	6.96	28.54
950	223.05	432.35	253.17	462.48	13.51	6.97	30.13

FLORIDA PUBLIC UTILITIES  
 COST OF SERVICE SUMMARY  
 RATE COMPARISON

RATE SCHEDULE:

INTERRUPTIBLE

INTERIM

PRESENT RATES

PROPOSED RATES

Customer Charge

70.00

Customer Charge

70.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	3.694

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	4.190

GAS COST CENTS/THERM

21.933

THERM USAGE INCREMENT

1000

PRESENT

PROPOSED

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	70.00	70.00	70.00	70.00	0.00	0.00	0.00
1000	106.94	326.27	111.90	331.23	4.64	1.52	4.96
2000	143.88	582.54	153.80	592.46	6.90	1.70	9.92
3000	180.82	838.81	195.70	853.69	8.23	1.77	14.88
4000	217.76	1,095.08	237.60	1,114.92	9.11	1.81	19.84
5000	254.70	1,351.35	279.51	1,376.16	9.74	1.84	24.81
6000	291.64	1,607.62	321.41	1,637.39	10.21	1.85	29.77
7000	328.58	1,863.89	363.31	1,898.62	10.57	1.86	34.73
8000	365.52	2,120.16	405.21	2,159.85	10.86	1.87	39.69
9000	402.46	2,376.43	447.11	2,421.08	11.09	1.88	44.65
10000	439.40	2,632.70	489.01	2,682.31	11.29	1.88	49.61
11000	476.34	2,888.97	530.91	2,943.54	11.46	1.89	54.57
12000	513.28	3,145.24	572.81	3,204.77	11.60	1.89	59.53
13000	550.22	3,401.51	614.71	3,466.00	11.72	1.90	64.49
14000	587.16	3,657.78	656.61	3,727.23	11.83	1.90	69.45
15000	624.10	3,914.05	698.52	3,988.47	11.92	1.90	74.41
16000	661.04	4,170.32	740.42	4,249.70	12.01	1.90	79.38
17000	697.98	4,426.59	782.32	4,510.93	12.08	1.91	84.34
18000	734.92	4,682.86	824.22	4,772.16	12.15	1.91	89.30
19000	771.86	4,939.13	866.12	5,033.39	12.21	1.91	94.26

FLORIDA PUBLIC UTILITIES  
 COST OF SERVICE SUMMARY  
 RATE COMPARISON

RATE SCHEDULE:

INTERRUPTIBLE LARGE VOLUME

INTERIM

PRESENT RATES

PROPOSED RATES

Customer Charge

700.00

Customer Charge

700.00

Energy Charge

Beginning therms	Ending therms	costs per therm
0	0	0
0	N/A	0.555

Energy Charge

Beginning therms	Ending therms	costs per therm
0	0	0
0	N/A	0.628

GAS COST CENTS/THERM

21.933

THERM USAGE INCREMENT

10000

PRESENT

PROPOSED

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	700.00	700.00	700.00	700.00	0.00	0.00	0.00
10000	755.50	2,948.80	762.78	2,956.08	0.96	0.25	7.28
20000	811.00	5,197.60	825.56	5,212.16	1.80	0.28	14.56
30000	866.50	7,446.40	888.34	7,468.24	2.52	0.29	21.84
40000	922.00	9,695.20	951.12	9,724.32	3.16	0.30	29.12
50000	977.50	11,944.00	1,013.90	11,960.40	3.72	0.30	36.40
60000	1,033.00	14,192.80	1,076.68	14,236.48	4.23	0.31	43.68
70000	1,088.50	16,441.60	1,139.46	16,492.56	4.68	0.31	50.96
80000	1,144.00	18,690.40	1,202.24	18,748.64	5.09	0.31	58.24
90000	1,199.50	20,939.20	1,265.02	21,004.72	5.46	0.31	65.52
100000	1,255.00	23,188.00	1,327.80	23,260.80	5.80	0.31	72.80
110000	1,310.50	25,436.80	1,390.58	25,516.88	6.11	0.31	80.08
120000	1,366.00	27,685.60	1,453.36	27,772.96	6.40	0.32	87.36
130000	1,421.50	29,934.40	1,516.14	30,029.04	6.66	0.32	94.64
140000	1,477.00	32,183.20	1,578.92	32,285.12	6.90	0.32	101.92
150000	1,532.50	34,432.00	1,641.70	34,541.20	7.13	0.32	109.20
160000	1,588.00	36,680.80	1,704.48	36,797.28	7.34	0.32	116.48
170000	1,643.50	38,929.60	1,767.26	39,053.36	7.53	0.32	123.76
180000	1,699.00	41,178.40	1,830.04	41,309.44	7.71	0.32	131.04
190000	1,754.50	43,427.20	1,892.82	43,565.52	7.88	0.32	138.32

FLORIDA PUBLIC UTILITIES  
 COST OF SERVICE SUMMARY  
 RATE COMPARISON

RATE SCHEDULE:

HOUSING AUTHORITY

PRESENT RATES

Customer Charge  
 4.00

Energy Charge

Beginning therms	Ending therms	costs per therm
0	0	0
0	N/A	5.71

INTERIM

PROPOSED RATES

Customer Charge  
 4.00

Energy Charge

Beginning therms	Ending therms	costs per therm
0	0	0
0	N/A	7.998

GAS COST CENTS/THERM  
 22.032

THERM USAGE INCREMENT  
 10

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		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	4.00	4.00	4.00	4.00	0.00	0.00	0.00
10	4.57	6.77	4.80	7.00	5.00	3.38	0.23
20	5.14	9.55	5.60	10.01	8.90	4.79	0.46
30	5.71	12.32	6.40	13.01	12.01	5.57	0.69
40	6.28	15.10	7.20	16.01	14.56	6.06	0.92
50	6.86	17.87	8.00	19.01	16.68	6.40	1.14
60	7.43	20.65	8.80	22.02	18.48	6.65	1.37
70	8.00	23.42	9.60	25.02	20.02	6.84	1.60
80	8.57	26.19	10.40	28.02	21.36	6.99	1.83
90	9.14	28.97	11.20	31.03	22.53	7.11	2.06
100	9.71	31.74	12.00	34.03	23.56	7.21	2.29
110	10.28	34.52	12.80	37.03	24.47	7.29	2.52
120	10.85	37.29	13.60	40.04	25.29	7.36	2.74
130	11.42	40.06	14.40	43.04	26.03	7.42	2.97
140	11.99	42.84	15.20	46.04	26.70	7.48	3.20
150	12.57	45.61	16.00	49.04	27.31	7.52	3.43
160	13.14	48.39	16.80	52.05	27.86	7.56	3.66
170	13.71	51.16	17.60	55.05	28.37	7.60	3.89
180	14.28	53.94	18.40	58.05	28.84	7.63	4.12
190	14.85	56.71	19.20	61.06	29.27	7.65	4.35