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# FLORIDA

## PUBLIC UTILITIES COMPANY

**ORIGINAL FILE COPY**

ADDRESS REPLY TO COMPANY AT  
 P. O. Drawer C  
 West Palm Beach,  
 Florida 33402

December 3, 1990

**FEDERAL EXPRESS**

Mr. Steve Tribble, Director  
 Division of Records and Reporting  
 Florida Public Service Commission  
 101 East Gaines Street  
 Fletcher Building  
 Tallahassee, FL 32399-0850

**RE: DOCKET NO. 900151-GV**

Dear Mr. Tribble:

Enclosed for filing in the above captioned proceeding on behalf of Florida Public Utilities Company is an original and nineteen (19) copies of Supplemental Direct Testimony and Exhibits of Company Witnesses Darryl Troy and George Bachman.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to this office.

- ACK  \_\_\_\_\_
- AFA 3 \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG  \_\_\_\_\_
- LEG 1 \_\_\_\_\_
- LIN orig & 6 \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

Yours very truly,



F. C. Cressman  
 President

Bachman  
 DOCUMENT NUMBER-DATE

10708 DEC-4 1990

2 filings  
 PSC-RECORDS/REPORTING

Troy  
 DOCUMENT NUMBER-DATE

10707 DEC-4 1990

PSC-RECORDS/REPORTING

**ORIGINAL  
FILE COPY**

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA PUBLIC UTILITIES COMPANY  
GAS OPERATIONS**

**DOCKET NO. 900151-GU**

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**DARRYL L. TROY**

**DECEMBER 1990**

**DOCUMENT NUMBER-DATE**

**10707 DEC-4 1990**

**FPSC-RECORDS/REPORTING**



SUPPLEMENTAL DIRECT TESTIMONY  
OF  
DARRYL L. TROY

IN

FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 900151-GU

IN RE: PETITION OF  
FLORIDA PUBLIC UTILITIES COMPANY  
FOR A RATE INCREASE IN THE  
NATURAL GAS OPERATIONS

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- 1 Q. Please state your name and address.
- 2 A. Darryl L. Troy, 401 South Dixie Highway, West Palm Beach,  
3 Florida 33401.
- 4 Q. By whom are you employed?
- 5 A. Florida Public Utilities Company.
- 6 Q. Mr. Troy, what is the purpose of your testimony at this  
7 time?
- 8 A. I have made certain revisions to the Company's original  
9 MFR's as filed on July 2, 1990.
- 10 Q. What prompted these revisions?
- 11 A. These revisions were necessary due to the completion of the  
12 Florida Public Service Commission (FPSC) staff audit of  
13 Company records on October 23, 1990, the issuance of FPSC  
14 Order No. 23399 dated August 23, 1990 as regards rate base  
15 treatment of Ibis Country Club development, and the receipt  
16 of current data concerning Company pensions, insurance, rate  
17 case expense and consumer price index (CPI) projections.
- 18 Q. Have you prepared an exhibit in connection with your  
19 supplemental testimony?
- 20 A. Yes. I have prepared an exhibit which consists of eleven

1 schedules and has been designated as Exhibit No. \_\_\_\_\_.

2 Q. Would you please explain the changes you have made to the

3 MFR's as shown in your exhibit?

4 A. I will start with the adjustments to operating income which

5 are detailed on Schedule B. The first adjustment R1 was

6 necessary to reduce my original estimate of cost of

7 inspection of subaqueous crossings from \$4,802 to \$1,317.

8 The inspections, which are performed every three years, cost

9 \$3,950 in 1990. Dividing the \$3,950 over a three-year

10 period requires an annual cost of \$1,317. This expense is

11 of a recurring nature and should be allowed on a pro rata

12 basis.

13 Adjustments R2 through R6 were necessary to remove non-

14 recurring telephone expenses from the 1991 projection year.

15 The FPSC audit staff recommended the adjustment in audit

16 exception No. 2 in their audit report dated October 23,

17 1990.

18 Adjustment No. R7 reducing injuries and damages (insurance)

19 expense \$14,521 was necessary to reflect current insurance

20 premium quotes as allocated to natural gas operations. This

21 adjustment was also recommended in the FPSC staff audit

22 report as audit disclosure No. 2.

23 Since the MFR's were filed, I have discovered an error in

24 the employee medical expense in the historic test year 1989.

25 Employee benefits expense was understated by \$19,555 due to



1 an allocation error. A further adjustment of \$41,826 was  
2 required to bring 1989 expense in agreement with actual  
3 medical claims experience. This brought the 1989 injuries  
4 and damages expense up to \$319,372 which I feel is  
5 reasonable for that period.

6 The \$319,372 was projected forward to 1991 with conservative  
7 10% increases for both 1990 and 1991. This brought the  
8 expense for 1991 up to \$386,440, an increase of \$27,942 over  
9 the amount previously filed (Adjustment R8). William M.  
10 Mercer, Incorporated, the world's largest employee benefits,  
11 compensation and human resources consulting firm, stated in  
12 their 1990 Florida Health Care Costs and Benefits Survey,

13 "Florida employers, like those in other states,  
14 continue to struggle with continued health care  
15 cost increases. Respondents to the 1990 Survey  
16 reported total plan cost increases of 20% over  
17 the previous year. While that increase amount is  
18 less than the 24% increase reported in the 1989  
19 Survey, costs are expected to continue to rise at  
20 the 20+% level over the next few years. The  
21 harsh reality of such an increase rate is that  
22 total costs could double within the next four  
23 years."

24 I have included Page 1 of the Survey as well as the  
25 transmittal letter from William M. Mercer as Schedule I in

1 my attached exhibit.

2 When I filed the MFR's the rate case expense was almost  
3 totally estimated. I have since replaced most of the  
4 estimated figures with actual costs. This revision has  
5 added \$8,206 to the total costs or an annual increase of  
6 \$2,736 over the three year amortization period (Adjustment  
7 R9). See Schedule J for an analysis of the revised costs.  
8 According to FPSC Rule 25-7.0461 administrative salaries and  
9 expenses "should be capitalized only if they are directly  
10 associated with the construction project." In accordance  
11 with this rule I have increased administrative expense  
12 \$174,484 for the projected test year. This adjustment was  
13 recommended in the staff audit report in audit exception  
14 No. 1. I have included it as Adjustment R10 on Schedule B.  
15 I have updated the CPI trend factors used to project certain  
16 1990 and 1991 operation and maintenance expenses. In their  
17 October 1990 report Data Resource, Inc. has projected the  
18 1990 and 1991 CPI to increase at the rates of 5.6% and 5.3%,  
19 respectively. I have reflected these inflation rates in my  
20 Trend Factors No. 1 and No. 7 as shown on Schedule C, Page  
21 1. This change increased the total operation and  
22 maintenance expenses by \$33,561 as shown as Adjustment R11  
23 on Schedule B.

24 I have also received a current projection of Company pension  
25 expense from our actuary, Buck Consultants. The letter



1           dated November 26, 1990 from Ms. Claire Wolkoff is included  
2           in my exhibit as Schedule K. The projection, which includes  
3           plan asset information as of October 31, 1990 and recently  
4           adopted plan amendments, has increased from a \$29,000 credit  
5           to a \$25,000 charge on a consolidated Company basis. The  
6           portion allocated to the gas operations has increased  
7           \$25,991 to \$12,033 on an annual basis for 1991. This  
8           adjustment is included on Schedule B as R12.  
9           Depreciation expense has increase \$17,539 due to gross plant  
10          changes made by Company Witness George Bachman. The  
11          computation of the depreciation expense is shown on his  
12          exhibit, Schedule A, Page 5.  
13          I have increased taxes other than income taxes \$1,013 to  
14          reflect an increase in the state intangible tax rate from 1%  
15          to 1.4% effective January 1, 1991. Property taxes have also  
16          increased \$8,497 due to the utility plant changes previously  
17          mentioned. Finally, I have removed \$117,510 in gross  
18          receipts tax as I am requesting that the Company be allowed  
19          to remove this tax from base rates and state the tax as a  
20          separate line item on the customer's bill. These tax  
21          adjustments are reflected on Schedule D and recapped on  
22          Schedule B as Adjustments R14, R15 and R16.  
23          The forementioned adjustments R1 through R16 required a  
24          Federal and State income tax adjustment using the statutory  
25          tax rates currently in effect. These adjustments, which are

1 shown as R17 and R19 on Schedule B reduce income taxes a  
2 total of \$57,525.

3 The utility plant changes made by Witness George Bachman  
4 resulted in a \$646,802 increase in rate base as detailed in  
5 his exhibit Schedule A, Page 1. The increased rate base  
6 required a revised projected test year cost of capital  
7 schedule to provide additional capital for financing. The  
8 financing was obtained from a proration of the "common"  
9 consolidated sources of capital. The common sources of  
10 capital are common equity, preferred equity, long-term debt  
11 and short-term debt. These changes caused the weighted cost  
12 of capital to increase from 9.05% to 9.11% as shown on my  
13 Schedule E. The additional financing also increased  
14 interest expense by \$38,125 to \$1,204,805. This increase  
15 required an interest synchronization adjustment to Federal  
16 and State income taxes in the amounts of \$12,250 and \$2,097,  
17 respectively. These income tax credit adjustments are  
18 reflected on Schedule B.

19 All the adjustments that I have discussed total \$80,999 and  
20 reduce operating income accordingly.

21 Q. Have you made any other revisions to the original MFR's?

22 A. Yes, I have. Certain working capital components had to be  
23 adjusted due to the revisions to utility plant and operating  
24 expenses. I have made revisions to cash, materials &  
25 supplies, prepaid insurance and pensions, medical insurance



1           reserve and audit fees accrued. I have also increased  
2           customer accounts receivable by \$18,691 to reflect the  
3           effect of rate relief. Rate relief will cause an 8.26%  
4           increase in the thirteen months average balance in  
5           receivables of \$2,163,333 (\$1,879,300 + \$284,033). These  
6           changes bring total working capital requirements to negative  
7           \$1,956. This amount is further adjusted to -0- in keeping  
8           with past Commission policy. These adjustments are shown on  
9           George Bachman's Schedule A, Page 1 and my Schedule H.

10    Q.    Mr. Troy, did your removal of gross receipts tax from base  
11           rates require any changes to the revenue expansion factor?

12    A.    Yes. I have removed the provision for gross receipts tax  
13           from the revenue expansion factor. Schedule F shows a  
14           revised factor of 1.6148984.

15    Q.    What is the net change in Florida Public Utilities Company's  
16           revenue deficiency as a result of all the revisions you have  
17           discussed?

18    A.    The revenue deficiency has increased \$217,777 to \$2,239,827.  
19           The Company is requesting that we be allowed permanent  
20           annual revenue relief in the amount of \$2,239,827 to earn a  
21           9.11% overall return on rate base. The calculated  
22           deficiency is shown on my Schedule G.

23    Q.    Does that conclude your supplemental direct testimony?

24    A.    Yes, it does.

DOCKET NO. 900151-GU  
WITNESS: TROY  
EXHIBIT \_\_\_\_\_  
REVISED MFRS

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
FLORIDA PUBLIC UTILITIES COMPANY  
GAS OPERATIONS

DOCKET NO. 900151-GU

TO ACCOMPANY THE SUPPLEMENTAL DIRECT TESTIMONY  
OF  
DARRYL L. TROY

DECEMBER 1990



FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE THE CALCULATION OF NET OPERATING INCOME PER BOOKS FOR THE HISTORIC BASE YEAR, THE PROJECTED NET OPERATING INCOME FOR THE HISTORIC BASE YEAR + 1, AND THE PROJECTED TEST YEAR.

TYPE OF DATA SHOWN:  
 HISTORIC BASE YEAR DATA: 12/31/89  
 HISTORIC BASE YEAR + 1: 12/31/90  
 PROJECTED TEST YEAR: 12/31/91  
 WITNESS: TRUE

COMPANY: FPIC GAS OPERATIONS

BUCKET NO.: 900131-00

LINE NO.		HISTORIC BASE YEAR 1989		BASE YEAR+1 1990		PROJECTED TEST YEAR 1991		REVISED COMPANY POSITION		
		(PER BOOKS)	COMPANY ADJUSTMENTS	1989 ADJUSTED	COMPANY ADJUSTMENTS	1990 ADJUSTED	COMPANY ADJUSTMENTS	1991 ADJUSTED	COMPANY ADJUSTMENTS	1991 ADJUSTED
<b>OPERATING REVENUE:</b>										
1	OPERATING REVENUES	923,683,977	(615,334,993)	308,348,984	3104,949	308,234,533	3448,644	308,683,217	0	308,683,217
2	REVENUE RELIEF	0	0	0	0	0	0	0	0	0
3	CHANGE IN UNBILLED REVENUES	88,575	0	88,575	(223,405)	(134,830)	139,520	2,498	0	2,498
4	<b>TOTAL REVENUES</b>	<b>23,574,872</b>	<b>(15,334,993)</b>	<b>8,239,879</b>	<b>(121,354)</b>	<b>8,097,723</b>	<b>588,192</b>	<b>8,685,915</b>	<b>0</b>	<b>8,685,915</b>
<b>OPERATING EXPENSES:</b>										
5	OPERATION & MAINTENANCE	20,347,420	(15,251,955)	5,095,465	310,243	5,405,708	317,697	5,723,405	243,332	6,166,737
6	DEPRECIATION & AMORTIZATION	771,870	(32,077)	739,793	70,317	1,010,290	85,449	1,095,939	17,539	1,113,498
7	AMORT OF ENVIRONMENTAL MATTERS	0	0	0	0	0	239,600	239,600	0	239,600
8	TAXES OTHER THAN INCOME	933,325	(184,482)	748,843	42,787	791,750	30,135	829,885	(188,900)	731,885
9	INCOME TAXES - FEDERAL	(44,944)	(43,342)	(112,086)	18,184	(93,900)	(171,600)	(265,500)	(61,367)	(326,867)
10	INCOME TAXES - STATE	(23,712)	4,994	(18,718)	2,268	(16,450)	(29,450)	(43,900)	(18,505)	(34,405)
11	DEFERRED TAXES - FEDERAL	139,474	43,717	283,191	(227,063)	(23,872)	92,750	68,878	0	68,878
12	DEFERRED TAXES - STATE	20,874	14,383	35,179	(38,337)	(3,158)	15,874	12,718	0	12,718
13	INVESTMENT TAX CREDITS	(38,640)	0	(38,640)	(69)	(38,709)	1	(38,708)	0	(38,708)
14	<b>TOTAL OPERATING EXPENSES</b>	<b>22,504,269</b>	<b>(15,433,042)</b>	<b>7,071,227</b>	<b>178,452</b>	<b>7,229,657</b>	<b>600,678</b>	<b>7,830,337</b>	<b>88,999</b>	<b>7,911,336</b>
15	<b>OPERATING INCOME</b>	<b>1,069,603</b>	<b>98,049</b>	<b>1,167,652</b>	<b>(299,808)</b>	<b>868,064</b>	<b>(12,486)</b>	<b>853,578</b>	<b>(88,999)</b>	<b>774,579</b>
16	<b>TOTAL RATE BASE</b>	<b>20,304,385</b>	<b>(329,603)</b>	<b>19,774,782</b>	<b>1,193,270</b>	<b>20,978,052</b>	<b>2,110,433</b>	<b>23,088,487</b>	<b>646,002</b>	<b>23,727,289</b>
17	<b>RATE OF RETURN</b>	<b>5.27%</b>		<b>5.91%</b>		<b>4.14%</b>		<b>3.71%</b>		<b>3.26%</b>

Schedule A  
December 1, 1990

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE OF PROPOSED ADJUSTMENTS TO THE PROJECTED TEST YEAR. (FROM SCHEDULE B-2 PAGE 1)

TYPE OF DATA SHOWN: PROJECTED TEST YEAR: 12/31/91  
WITNESS: TROY

COMPANY: FPIC GAS OPERATIONS

DOCKET NO.: 900151-00

ADJUST. NO.	ADJUSTMENT TITLE	REFERENCE SCHEDULE	ADJUSTMENT AMOUNT	REASON FOR ADJUSTMENT
R1	OPERATION & MAINTENANCE EXPENSE	B-2,p11	(3,483)	TO DECREASE ALLOWANCE FOR INSPECTION OF SUBMERGED CROSSINGS. ACTUAL COST OF \$3,950 DIVIDED OVER THREE YEARS.
R2		B-2,p12(BB)	(735)	TO REMOVE SOUTHERN BELL EQUIPMENT CHARGES WHICH ARE NON-RECURRING PER MIAMI STAFF AUDIT REPORT.
R3		B-2,p14(NE)	(735)	TO REMOVE SOUTHERN BELL EQUIPMENT CHARGES WHICH ARE NON-RECURRING PER MIAMI STAFF AUDIT REPORT.
R4		B-2,p14(FW)	(108)	TO REMOVE SOUTHERN BELL EQUIPMENT CHARGES WHICH ARE NON-RECURRING PER MIAMI STAFF AUDIT REPORT.
R5		B-2,p15(FIA)	(735)	TO REMOVE SOUTHERN BELL EQUIPMENT CHARGES WHICH ARE NON-RECURRING PER MIAMI STAFF AUDIT REPORT.
R6		B-2,p16(FZ)	(1,003)	TO REMOVE SOUTHERN BELL EQUIPMENT CHARGES WHICH ARE NON-RECURRING PER MIAMI STAFF AUDIT REPORT.
R7		B-2,p16(FZ)	(14,521)	TO DECREASE LIABILITY AND WORKMAN'S COMP. INSURANCE TO CURRENT PREMIUM RATES PER MIAMI STAFF AUDIT REPORT.
R8		B-2,p17(FZ)	27,942	TO INCREASE EMPLOYEE'S MEDICAL INSURANCE TO REFLECT ACTUAL COSTS IN 1989 AND 10% ANNUAL INCREASES FOR 1990 & 1991.
R9		B-2,p17(FZ)	2,736	TO INCREASE 3 YEAR WRITE-OFF OF RATE CASE EXPENSE DUE TO REPLACING ESTIMATED COSTS WITH ACTUAL COSTS THROUGH 10-31-90.
R10		B-2,p16(FZ)	174,404	TO INCREASE EXPENSE DUE TO COMMISSION POLICY OF DISCONTINUING CAPITALIZATION OF A & B EXPENSE PER MIAMI STAFF AUDIT REPORT.
R11		B-2,p10	33,561	TO INCREASE OPERATION AND MAINTENANCE EXPENSES DUE TO INCREASES IN CPI PROJECTIONS FOR 1990 AND 1991. TREND FACTORS #1 AND #7 WERE REVISED BY UPDATING DATA RESOURCE INC. ESTIMATES AS OF OCTOBER 1990.
R12		B-2,p17(FZ)	25,991	TO INCREASE PENSION EXPENSE TO CURRENT PROJECTION FROM COMPANY ACTUARY, BUCK CONSULTANTS.
	<b>TOTAL OP. AND MAINT. EXPENSES</b>		<b>243,332</b>	
R13	DEPRECIATION & AMORTIZATION	B-2,p23	17,539	TO INCREASE DEPRECIATION EXPENSE DUE TO CHANGES IN GROSS UTILITY PLANT.
R14	TAXES OTHER THAN INCOME	B-2,p19	1,013	TO INCREASE STATE INTANGIBLE TAX DUE TO 1-1-91 RATE CHANGE TO 1 1/2%.
R15		B-2,p19	8,497	TO INCREASE PROPERTY TAXES DUE TO CHANGES IN NET UTILITY PLANT.
R16		B-2,p19	(117,510)	TO REMOVE GROSS RECEIPTS TAX FROM OPERATING EXPENSES. TAX TO BE BILLED AS "ADD-ON" TAX.
	<b>TOTAL TAXES OTHER THAN INCOME TAXES</b>		<b>(108,000)</b>	
R17	INCOME TAXES - FEDERAL		(49,117)	TO ADJUST FEDERAL INCOME TAXES DUE TO VARIOUS ADJUSTMENTS TO OPERATIONS LISTED ABOVE \$152,871 X 32.13%.
R18		B-3,p2	(12,250)	TO SYNCHRONIZE INCOME TAX ASSOCIATED WITH INTEREST EXPENSE IN COST OF MONEY SCHEDULE. \$1,204,805 - \$1,166,680 X 32.13%.
	<b>TOTAL INCOME TAXES - FEDERAL</b>		<b>(61,367)</b>	
R19	INCOME TAXES - STATE		(8,408)	TO ADJUST STATE INCOME TAXES DUE TO VARIOUS ADJUSTMENTS TO OPERATIONS LISTED ABOVE \$152,871 X 5.5%.
R20		B-3,p2	(2,097)	TO SYNCHRONIZE INCOME TAX ASSOCIATED WITH INTEREST EXPENSE IN COST OF MONEY SCHEDULE. \$1,204,805 - \$1,166,680 X 5.5%.
	<b>TOTAL INCOME TAXES - STATE</b>		<b>(10,505)</b>	
	<b>OPERATING INCOME</b>	B-2,p1	<b>(80,999)</b>	

Schedule B  
December 1, 1990



FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE THE CALCULATION OF OPERATION AND MAINTENANCE EXPENSES FOR THE HISTORIC BASE YEAR +1 AND THE PROJECTED TEST YEAR. IF ADDITIONAL TREND RATES ARE APPLIED, PROVIDE AN EXPLANATION AS TO THE BASIS OF THE FACTOR.

TYPE OF DATA SOURCE:  
 HISTORIC BASE YEAR DATA: 12/31/89  
 HISTORIC BASE YEAR +1: 12/31/90  
 PROJECTED TEST YEAR: 12/31/91  
 METHOD: TMT

COMPANY: FPUC GAS OPERATIONS

BUCKET NO.: 900131-00

TRENDS BASIS	CODE	HISTORIC BASE	PROJECTED
		YEAR +1 12/31/90	TEST YEAR 12/31/91
No Trend Basis	0	0.000	0.000
Inflation only	1	105.600	111.200
Customer Growth	2	99.710	100.700
Payroll Increases	3	104.500	109.200
Sales / MCF	4	103.300	112.070
Revenues / 0	5	99.020	104.100
Plant - Net	6	106.070	119.100
Inflation X Customer Growth	7	105.290	112.030
Payroll X Customer Growth	8	104.200	110.030
Other	9		VARIOUS

ACCOUNT	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CODE		
OTHER GAS SUPPLY EXPENSES						
007.4 PAYROLL TRENDED	550	503	609	3	104.500	109.200
OTHER TRENDED	5,022	5,100	5,620	4	103.300	112.070
OTHER TRENDED					0.000	0.000
TOTAL	5,500	5,771	6,237			
TOTAL OTHER GAS SUPPLY EXPENSES	5,500	5,771	6,237			
DISTRIBUTION EXPENSES - OPERATION						
070 PAYROLL TRENDED	109,929	104,676	163,722	3	104.500	109.200
OTHER TRENDED	19,215	20,291	21,367	1	105.600	111.200
OTHER TRENDED					0.000	0.000
TOTAL	129,144	124,967	185,089			

Schedule C  
 Page 1 of 9  
 December 1, 1990

	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CODE		
***** DISTRIBUTION EXPENSES - OPERATING *****						
071 PAYROLL TRENDS	2,200	2,331	2,457	3	104.202	109.202
OTHER TRENDS	17,500	18,400	19,400	1	105.602	111.202
OTHER TRENDS					0.002	0.002
<b>TOTAL</b>	<b>19,700</b>	<b>20,731</b>	<b>21,857</b>			
074 PAYROLL TRENDS	130,211	135,600	143,271	0	104.202	110.032
OTHER TRENDS	94,764	97,661	101,363	7	105.292	112.002
OTHER TRENDS	0	3,990	1,317	9	IMPACT SUBSEQUENT CHANGES	
<b>TOTAL</b>	<b>104,975</b>	<b>137,291</b>	<b>205,951</b>			
075 PAYROLL TRENDS	472	493	515	3	104.202	109.202
OTHER TRENDS	799	802	844	1	105.602	111.202
OTHER TRENDS					0.002	0.002
<b>TOTAL</b>	<b>1,271</b>	<b>1,295</b>	<b>1,359</b>			
076 PAYROLL TRENDS	4,750	4,964	5,187	3	104.202	109.202
OTHER TRENDS	2,309	2,430	2,540	1	105.602	111.202
OTHER TRENDS					0.002	0.002
<b>TOTAL</b>	<b>7,059</b>	<b>7,394</b>	<b>7,727</b>			
077 PAYROLL TRENDS	4,833	5,050	5,270	3	104.202	109.202
OTHER TRENDS	2,530	2,672	2,813	1	105.602	111.202
OTHER TRENDS					0.002	0.002
<b>TOTAL</b>	<b>7,363</b>	<b>7,722</b>	<b>8,083</b>			
078 PAYROLL TRENDS	532,999	555,385	584,439	0	104.202	110.032
OTHER TRENDS	170,600	179,709	191,247	7	105.292	112.002
OTHER TRENDS					0.002	0.002
<b>TOTAL</b>	<b>703,599</b>	<b>735,094</b>	<b>775,686</b>			
079 PAYROLL TRENDS	177,653	185,114	195,472	0	104.202	110.032
OTHER TRENDS	(30,718)	(32,040)	(35,005)	0	104.202	110.032
OTHER TRENDS					0.002	0.002
<b>TOTAL</b>	<b>146,935</b>	<b>153,074</b>	<b>160,467</b>			

Schedule C  
Page 2 of 9  
December 1, 1990





	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CODE		
DISTRIBUTION EXPENSES - MAINTENANCE						
090 PAYROLL TRENDED	607	699	731	3	104.502	107.202
OTHER TRENDED	1,509	1,110	1,170	1	105.602	111.202
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>1,720</b>	<b>1,017</b>	<b>1,900</b>			
091 PAYROLL TRENDED	0,471	0,852	9,230	3	104.502	107.202
OTHER TRENDED	3,496	3,903	4,110	1	105.602	111.202
OTHER TRENDED	0	4,600	4,002	9	PAINT TWO GATE STATIONS ANNUALLY	
<b>TOTAL</b>	<b>12,167</b>	<b>17,355</b>	<b>10,162</b>			
092 PAYROLL TRENDED	30,697	61,162	64,304	8	104.202	110.032
OTHER TRENDED	19,407	20,510	21,033	7	105.292	112.032
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>70,104</b>	<b>81,600</b>	<b>86,419</b>			
093 PAYROLL TRENDED	00,403	92,114	97,270	8	104.202	110.032
OTHER TRENDED	30,442	32,221	34,290	7	105.292	112.032
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>119,005</b>	<b>124,337</b>	<b>131,559</b>			
094 PAYROLL TRENDED	391	407	430	8	104.202	110.032
OTHER TRENDED	930	979	1,042	7	105.292	112.032
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>1,321</b>	<b>1,387</b>	<b>1,472</b>			
<b>TOTAL DISTRIBUTION EXPENSE-MAINT.</b>	<b>307,131</b>	<b>620,794</b>	<b>636,146</b>			
CUSTOMER ACCT. & COLLEC.						
901 PAYROLL TRENDED	29,053	31,194	32,999	3	104.502	107.202
OTHER TRENDED	7,244	7,632	8,030	1	105.602	111.202
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>37,099</b>	<b>38,800</b>	<b>40,637</b>			

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	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CODE		
***** CUSTOMER ACCT. & COLLEC. *****						
902 PAYROLL THEMED	140,625	175,707	105,530	0	104.200	110.030
OTHER THEMED	40,295	42,332	45,000	7	105.292	112.000
OTHER THEMED					0.000	0.000
<b>TOTAL</b>	<b>180,920</b>	<b>218,039</b>	<b>230,530</b>			
903 PAYROLL THEMED	264,349	379,672	400,925	0	104.200	110.030
OTHER THEMED	101,443	107,043	113,914	7	105.292	112.030
OTHER THEMED (POSTAGE)	10,934	100,622	123,076	9	POSTAGE INC. & COST. GROWTH	
<b>TOTAL</b>	<b>376,726</b>	<b>587,337</b>	<b>637,915</b>			
904 PAYROLL THEMED	0	0	0		0.000	0.000
OTHER THEMED	33,333	33,435	37,036	5	99.022	104.100
OTHER THEMED					0.000	0.000
<b>TOTAL</b>	<b>33,333</b>	<b>33,435</b>	<b>37,036</b>			
905 PAYROLL THEMED	6,943	7,230	7,644	0	104.200	110.030
OTHER THEMED	37,272	39,244	41,763	7	105.292	112.030
OTHER THEMED					0.000	0.000
<b>TOTAL</b>	<b>44,215</b>	<b>46,474</b>	<b>49,407</b>			
<b>TOTAL CUSTOMER ACCT. EXPENSES</b>	<b>910,671</b>	<b>946,141</b>	<b>1,017,235</b>			
***** CUSTOMER SERVICE & INFO. *****						
900 PAYROLL THEMED	0	0	0		0.000	0.000
OTHER THEMED	200	295	314	7	105.292	112.030
OTHER THEMED					0.000	0.000
<b>TOTAL</b>	<b>200</b>	<b>295</b>	<b>314</b>			
909 PAYROLL THEMED	0	0	0		0.000	0.000
OTHER THEMED	12,043	13,322	14,391	7	105.292	112.030
OTHER THEMED					0.000	0.000
<b>TOTAL</b>	<b>12,043</b>	<b>13,322</b>	<b>14,391</b>			
<b>TOTAL COST. SERVICE EXPENSE</b>	<b>13,123</b>	<b>13,817</b>	<b>14,704</b>			

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	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CONE		
<b>SALES EXPENSES</b>						
911 PAYROLL TRENDED	63,627	66,490	69,061	3	104.302	109.202
OTHER TRENDED	11,125	11,237	12,360	1	105.602	111.202
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>74,752</b>	<b>77,727</b>	<b>81,421</b>			
912 PAYROLL TRENDED	276,061	280,427	294,544	8	104.202	110.032
OTHER TRENDED	64,306	66,000	69,069	7	105.292	112.032
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>321,367</b>	<b>333,207</b>	<b>354,433</b>			
913 PAYROLL TRENDED	0	0	0		0.002	0.002
OTHER TRENDED	7,349	7,940	8,639	7	105.292	112.032
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>7,349</b>	<b>7,940</b>	<b>8,639</b>			
914 PAYROLL TRENDED	43,817	45,637	48,212	8	104.202	110.032
OTHER TRENDED	65,139	68,604	73,011	7	105.292	112.032
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>108,956</b>	<b>114,241</b>	<b>121,223</b>			
<b>TOTAL SALES EXPENSES</b>	<b>512,574</b>	<b>535,726</b>	<b>565,935</b>			
<b>ADMINISTRATIVE &amp; GENERAL EXPENSE</b>						
920 PAYROLL TRENDED	625,990	632,070	681,006	3	104.302	109.202
OTHER TRENDED	1,294	1,349	1,441	1	105.602	111.202
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>625,294</b>	<b>633,416</b>	<b>682,447</b>			
920.1 PAYROLL TRENDED	(395)	(413)	(431)	3	104.302	109.202
OTHER TRENDED	0	0	0		0.002	0.002
OTHER TRENDED					0.002	0.002
<b>TOTAL</b>	<b>(395)</b>	<b>(413)</b>	<b>(431)</b>			

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	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CODE		
***** ADMINISTRATIVE & GENERAL EXPENSE cont. *****						
921 PAYROLL TRENDED	0	0	0		0.000	0.000
OTHER TRENDED	132,140	140,640	140,100	1	105.000	111.200
OTHER TRENDED (POSTAGE)	7,000	7,000	6,349	9	POSTAGE INC. & CUSTOMER GROWTH	
<b>TOTAL</b>	<b>139,140</b>	<b>147,640</b>	<b>146,449</b>			
922 PAYROLL TRENDED	0	0	0		0.000	0.000
OTHER TRENDED	(143,904)	(134,207)	0	9	CONSTRUCTION & 920-921 ABOVE/ 1990 CHANGE IN METHODOLOGY-ADD COSTS	
OTHER TRENDED					0.000	0.000
						NO LONGER TO BE CAPITALIZED.
<b>TOTAL</b>	<b>(143,904)</b>	<b>(134,207)</b>	<b>0</b>			
923.1 PAYROLL TRENDED	0	0	0		0.000	0.000
OTHER TRENDED	23,037	25,172	26,307	1	105.000	111.200
OTHER TRENDED-REPL. STUDY	2,400	2,534	2,449	1	105.000	111.200
<b>TOTAL</b>	<b>25,437</b>	<b>27,706</b>	<b>28,756</b>			
923.2 PAYROLL TRENDED	0	0	0		0.000	0.000
OTHER TRENDED	28,620	29,309	31,130	1	105.000	111.200
OTHER TRENDED					0.000	0.000
<b>TOTAL</b>	<b>28,620</b>	<b>29,309</b>	<b>31,130</b>			
923.3 PAYROLL TRENDED	0	0	0		0.000	0.000
OTHER TRENDED	61,910	63,305	60,053	1	105.000	111.200
OTHER TRENDED					0.000	0.000
<b>TOTAL</b>	<b>61,910</b>	<b>63,305</b>	<b>60,053</b>			
924 PAYROLL TRENDED	0	0	0		0.000	0.000
OTHER TRENDED	21,214	20,404	19,623	9	PREMIUM QUOTE	
OTHER TRENDED					0.000	0.000
<b>TOTAL</b>	<b>21,214</b>	<b>20,404</b>	<b>19,623</b>			
925 PAYROLL TRENDED	0	0	0		0.000	0.000
OTHER TRENDED	448,195	491,003	524,390	9	PREMIUM QUOTE	
OTHER TRENDED					0.000	0.000
<b>TOTAL</b>	<b>448,195</b>	<b>491,003</b>	<b>524,390</b>			

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	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CODE		
***** ADMINISTRATIVE & GENERAL EXPENSE cont. *****						
926.1 PAYROLL TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS	(19,000)	(9,812)	12,033	9	ACTUARIAL PROJECTIONS	
OTHER TRENDS					0.00%	0.00%
TOTAL	(19,000)	(9,812)	12,033			
926.2 PAYROLL TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS	319,372	351,300	386,400	9	MEDICAL CLAIM ADJUSTMENT & STOP-LOSS PREMIUM INCREASE	
TOTAL	319,372	351,300	386,400			
929 PAYROLL TRENDS	3,621	3,794	3,794	3	104.50%	107.20%
OTHER TRENDS	40,149	42,397	44,444	1	105.60%	111.20%
OTHER TRENDS	7,375	0	18,749	9	RATE CASE EXPENSE	
TOTAL	51,145	46,191	67,549			
930.1 PAYROLL TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS					0.00%	0.00%
TOTAL	0	0	0			
930.2 PAYROLL TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS	42,322	44,983	47,204	1	105.60%	111.20%
OTHER TRENDS					0.00%	0.00%
TOTAL	42,322	44,983	47,204			
930.22 PAYROLL TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS	24,401	25,767	27,134	1	105.60%	111.20%
OTHER TRENDS					0.00%	0.00%
TOTAL	24,401	25,767	27,134			
931 PAYROLL TRENDS	0	0	0		0.00%	0.00%
OTHER TRENDS	2,200	2,332	2,435	1	105.60%	111.20%
OTHER TRENDS					0.00%	0.00%
TOTAL	2,200	2,332	2,435			

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	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR	CODE		
ADMINISTRATIVE & GENERAL EXPENSE cont.						
935 PAYROLL TRENDS	17,670	18,465	19,294	3	104.302	107.302
OTHER TRENDS	27,929	29,493	31,057	1	109.002	111.202
OTHER TRENDS					0.002	0.002
<b>TOTAL</b>	<b>45,599</b>	<b>47,958</b>	<b>50,351</b>			
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>1,711,676</b>	<b>1,808,013</b>	<b>2,126,401</b>			
<b>TOTAL O &amp; H EXPENSES</b>	<b>5,353,757</b>	<b>5,617,605</b>	<b>6,166,737</b>			

	BASE YEAR	BASE YEAR +1	PROJECTED TEST YEAR
TOTAL EXPENSES			
PAYROLL TRENDS	3,291,724	3,399,537	3,570,630
OTHER TRENDS	1,630,910	1,740,142	2,041,697
OTHER TRENDS	433,123	478,066	546,082
<b>TOTAL O &amp; H EXPENSES</b>	<b>5,353,757</b>	<b>5,617,605</b>	<b>6,166,737</b>

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE OF TAXES OTHER THAN INCOME TAXES FOR THE HISTORIC BASE YEAR \*1 AND THE PROJECTED TEST YEAR. FOR EACH TAX INDICATE THE TRENDS BASIS USED.

TYPE OF DATA SOURCE:  
 HISTORIC BASE YEAR DATA: 12/31/89  
 HISTORIC BASE YR #1: 12/31/90  
 PROJECTED TEST YEAR: 12/31/91  
 WITNESS: TROY

COMPANY: FPCC GAS OPERATIONS

BUCKET NO.: 900151-00

OTHER TAXES FOR THE PROJECTED TEST YEAR ENDED 12/31/91

LINE NO.	TYPE OF TAX	(1) TAX BASIS	(2) HISTORIC BASE YEAR ADJUSTED	(3) HISTORIC BASE YEAR #1 12/31/90	(4) PROJECTED TEST YEAR 12/31/91	(5) TRENDS BASIS	RATE		REVISED COMPANY POSITION	
							1990	1991	COMPANY ADJUSTMENTS	1991 ADJUSTED
1	FEDERAL UNEMPLOYMENT	PAYROLL	5,819	6,001	6,354	PAYROLL	1.04500	1.09200	0	6,354
2	STATE UNEMPLOYMENT	PAYROLL	717	749	783	PAYROLL	1.04500	1.09200	0	783
3	FTCA	PAYROLL	251,409	267,620	279,655	PAYROLL/RATE CHANGE	1.06448	1.11235	0	279,655
4	STATE INTANGIBLE	ACCTS/REC	2,010	2,004	2,025	REVENUE/RATE CHANGE	0.99710	1.00760	1,013	3,038
5	UTILITY ASSESSMENT FEE	REVENUES	9,982	29,859	30,174	REVENUE/RATE CHANGE	2.99130	3.02200	0	30,174
6	PROPERTY	PROPERTY	347,100	368,177	405,110	PLANT - NET	1.06070	1.16710	0,497	413,607
7	GROSS RECEIPTS	REVENUES	116,624	116,206	117,510	REVENUE	0.99710	1.00760 (1)	(117,510)	0
8	OCCUPATIONAL LICENSE	FLAT	5,574	5,574	5,574	FLAT	1.00000	1.00000	0	5,574
9	OTHER (PLEASE LIST) EMERGENCY EXCISE	PROPERTY	7,000	(6,400)	(7,300)	ACRS DEPRECIATION AND PRIOR YEARS PYMT CREDIT			0	(7,300)
10	TOTAL		<u>747,043</u>	<u>789,750</u>	<u>839,085</u>				<u>(100,000)</u>	<u>731,085</u>

(1) EXCLUDED FROM 1991 BASE RATES - TO BE AN ADD-ON TAX TO CUSTOMERS BILL.

\* REVISED RATE

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE CALCULATING A 13 MONTH AVERAGE COST OF CAPITAL FOR THE PROJECTED TEST YEAR.

TYPE OF DATA SHOWN:  
HISTORIC BASE YR + 1: 12/31/91  
WITNESS: TROY

COMPANY: FPUC GAS OPERATIONS

DOCKET NO.: 900151-00

LINE NO.	DESCRIPTION	BPS AS FILED	ADJUSTMENTS (*)			RATIO	COST RATE	WEIGHTED COST	INTEREST EXPENSE
			SPECIFIC	PRD DATA	ADJUSTED				
1	COMMON EQUITY	\$ 6,168,228	0	234,062	\$ 6,403,090	26.9%	13.85%	3.73%	
2	PREFERRED EQUITY	237,709	0	9,054	246,843	1.04%	4.75%	0.04%	
3	LONG TERM DEBT	7,006,430	0	269,831	7,356,461	31.00%	9.75%	3.02%	717,255
4	SHORT TERM DEBT	3,494,453	0	133,055	3,627,508	15.29%	8.00%	1.35%	322,123
5	CUSTOMER DEPOSITS	1,418,615	0	0	1,418,615	5.90%	8.47%	0.50%	120,157
6	TAX CREDITS - 0 COST	35,002	0	0	35,002	0.15%	0.00%	0.00%	
7	TAX CREDITS - WTD COST	804,005	0	0	804,005	3.73%	11.54%	0.43%	45,270
8	ACCU DEFERRED INC TAXES - 0 COST	3,755,685	0	0	3,755,685	15.83%	0.00%	0.00%	
9		<u>23,000,487</u>	<u>0</u>	<u>646,002</u>	<u>23,727,289</u>	<u>100.01%</u>		<u>9.105%</u>	<u>1,204,005</u>

COST RATE FOR TAX CREDITS WEIGHTED COST:

10	COMMON EQUITY			\$ 6,403,090	45.72%	13.85%	6.332%
11	PREFERRED EQUITY			246,843	1.76%	4.75%	0.084%
12	LONG TERM DEBT			7,356,461	52.52%	9.75%	5.121%
13	TOTAL			<u>14,006,394</u>	<u>100.00%</u>		<u>11.537%</u>

(\*) ADJUSTMENT REPRESENTS CHANGE IN RATE BASE FROM SCHEDULE G-1, P.1 OF 20, REVISED 12-01-90.

Schedule E  
December 1, 1990

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE THE CALCULATION OF THE REVENUE EXPANSION FACTOR.

TYPE OF DATA SHOWN:  
 PROJECTED TEST YEAR: 12/31/91  
 WITNESS: TROY

COMPANY: FPSC GAS OPERATING

BUCKET NO.: 900151-00

LINE NO.	DESCRIPTION	\$	COMPANY REVISED \$
1	REVENUE REQUIREMENT	100.0000	100.0000
2	GROSS RECEIPTS TAX RATE	1.5000	0.0000
3	REGULATORY ASSESSMENT RATE	0.3750	0.3750
4	GAS COST RATE	0.3410	0.3410
5	NET BEFORE INCOME TAXES (1)-(2)-(3)-(4)	97.7040	99.2040
6	STATE INCOME TAX RATE	5.5000	5.5000
7	STATE INCOME TAX (5 X 6)	5.3701	5.4606
8	NET BEFORE FEDERAL INCOME TAX (5)-(7)	92.4059	93.8234
9	FEDERAL INCOME TAX RATE	34.0000	34.0000
10	FEDERAL INCOME TAX (8 X 9)	31.4100	31.9000
11	REVENUE EXPANSION FACTOR (8)-(10)	60.9079	61.9234
12	NET OPERATING INCOME MULTIPLIER (100% / LINE 11)	1.6396695	1.6140904

Schedule F  
 December 1, 1990



FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE THE CALCULATION OF THE REVENUE DEFICIENCY FOR THE PROJECTED TEST YEAR.

TYPE OF DATA SHOWN: PROJECTED TEST YEAR: 12/31/91  
WITNESS: TROY

COMPANY: FPUC GAS OPERATIONS

(REVISED 12-01-90)

DOCKET NO.: 900151-00

LINE NO.	DESCRIPTION	AMOUNT	LINE NO.	DESCRIPTION	PROJECTED TEST YEAR - 1991	REVENUE DEFICIENCY	POD - FURDA
1	ADJUSTED RATE BASE	\$ 23,727,289	1	OPERATING REVENUE:			
2	REQUESTED RATE OF RETURN	9.11%	1	OPERATING REVENUES	\$8,683,217	\$0	\$8,683,217
3	N.O.I. REQUIREMENTS	2,161,556	2	REVENUE RELIEF	0	2,239,827	2,239,827
4	LESS: ADJUSTED N.O.I.	774,579	3	CHANGE IN UNBILLED REVENUES	2,490	0	2,490
5	N.O.I. DEFICIENCY	\$ 1,386,977	4	TOTAL REVENUES	8,685,915	2,239,827	10,925,742
6	EXPANSION FACTOR	1.6148984	5	OPERATING EXPENSES:			
7	REVENUE DEFICIENCY	\$ 2,239,827	6	OPERATION & MAINTENANCE	6,166,737	7,638	6,174,375
			7	DEPRECIATION & AMORTIZATION	1,113,490	0	1,113,490
			8	AMOUNT OF ENVIRONMENTAL MATTERS	239,600	0	239,600
			9	TAXES OTHER THAN INCOME	731,885	8,399	740,284
			10	INCOME TAXES - FEDERAL	(326,867)	714,504	387,637
			11	INCOME TAXES - STATE	(56,485)	122,308	65,903
			12	DEFERRED TAXES - FEDERAL	68,878	0	68,878
			13	DEFERRED TAXES - STATE	12,718	0	12,718
			14	INVESTMENT TAX CREDITS	(38,700)	0	(38,700)
				TOTAL OPERATING EXPENSES	7,911,336	852,849	8,764,185
			15	OPERATING INCOME	774,579	1,386,978	2,161,557
			16	TOTAL RATE BASE	23,727,289	0	23,727,289
			17	RATE OF RETURN	3.26%		9.11%

Schedule G  
December 1, 1990

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE CALCULATING A 12-MONTH AVERAGE WORKING CAPITAL FOR THE HISTORIC BASE YEAR, THE HISTORIC BASE YEAR + 1, AND THE PROJECTED TEST YEAR.

TYPE OF DATA SHOWN:  
 HISTORIC BASE YEAR DATA: 12/31/89  
 HISTORIC BASE YR + 1: 12/31/90  
 PROJECTED TEST YEAR: 12/31/91  
 WITNESS: TROY

COMPANY: FPUC GAS OPERATIONS

BUDGET NO.: 90151-00

LINE NO.	DESCRIPTION	BASE YEAR	BASE YEAR +1	PROJECTED YEAR		REVISED COMPANY POSITION	
		1989 AVG. YEAR	1990 AVG. YEAR	1991 AVG. YEAR	PROJECTION BASIS	COMPANY ADJUSTMENTS	1991 <sup>A</sup> AVG. YEAR
1	CASH	\$ 32,214	\$ 33,481	\$ 36,492	CPI & CUSTOMER GROWTH (REVISED TO 112.85%)	(506)	35,986
2	WORKING FUNDS	19,650	27,283	27,280	FLAT	0	27,280
3	CUST ACCTS REC-GAS	1,798,263	1,807,417	1,879,300	REVENUES	0	1,879,300
4	CUST ACCTS REC-GAS-UNBILLED REVENUES	250,895	282,291	284,833	UNBILLED REVENUE CALCULATION	0	284,833
5	CUST ACCTS REC-GAS-REVENUE RELIEF				DATE RELIEF/TOTAL REVENUES	178,691	178,691
6	ACCN PROV UNCOLLECT ACCTS-GAS	(68,358)	(64,697)	(64,700)	FLAT	0	(64,700)
7	PLANT & OPER MAT & SUPPLIES	339,883	357,885	389,162	UTILITY PLANT (REVISED TO 50% GROSS PLANT	(28,182)	369,060
8	STORES EXPENSE	(7,234)	0	0	NONE	CHANGE) 0	0
9	PREPAYMENTS - INSURANCE	112,691	185,387	113,815	INSURANCE EXPENSE PROJECTIONS	13,199	126,214
10	PREPAYMENTS - PENSIONS	145,865	160,379	171,399	PENSION EXPENSE PROJECTIONS	(9,856)	162,343
11	INCOME TAX RECEIVABLE	73,483	3,943	0	ESTIMATED INCOME TAX CREDITS	0	0
12	OTHER WIP-ENVIRONMENTAL MATTERS	0	31,623	185,633	PROJECTED COSTS LESS AMORT.	0	185,633
13	UNAMORTIZED RATE CASE EXPENSE	0	17,949	43,578	PROJECTED COSTS LESS AMORT.	0	43,578
14	CLEARING ACCOUNTS	(710)	0	0	NONE	0	0
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28	TOTAL ASSETS	\$ 2,695,682	\$ 2,762,781	\$ 2,985,222		162,226	3,147,448

Schedule H  
 Page 1 of 2  
 December 1, 1990



FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE CALCULATING A 12-MONTH AVERAGE WORKING CAPITAL FOR THE HISTORIC BASE YEAR, THE HISTORIC BASE YEAR + 1, AND THE PROJECTED TEST YEAR.

TYPE OF DATA SHOWN:  
 HISTORIC BASE YEAR DATA: 12/31/89  
 HISTORIC BASE YR + 1: 12/31/90  
 PROJECTED TEST YEAR: 12/31/91  
 WITNESS: TROY

COMPANY: FPUC GAS OPERATIONS

BUCKET NO.: 900151-00

LINE NO.	DESCRIPTION	BASE YEAR	BASE YEAR +1	PROJECTED YEAR		REVISED COMPANY POSITION	
		1989 AVG. YEAR	1990 AVG. YEAR	1991 AVG. YEAR	PROJECTION BASIS	COMPANY ADJUSTMENTS	1991 AVG. YEAR
1	ACCOUNTS PAYABLE - GENERAL	\$ 1,441,990	\$ 1,474,647	\$ 1,532,392	REVENUES	0	1,532,392
2	ACCOUNTS PAYABLE - OTHER	246,046	245,130	255,790	REVENUES	0	255,790
3	SALARIES & WAGES ACCRUED	137,149	143,839	150,329	PAYROLL	0	150,329
4	TAXES ACCRUED - GENERAL	100,110	174,375	183,560	REVENUES/PROPERTY/PAYROLL	0	183,560
5	TAXES ACCRUED - INCOME	(23,409)	0	97,500	ESTIMATED INCOME TAX EXPENSE	0	97,500
6	INTEREST ACCRUED	295,546	319,613	344,254	BONDS/NOTES/CUST. DEPOSITS	0	344,254
7	DIVIDENDS DECLARED - PREF.	672	- 1,121	1,121	FLAT	0	1,121
8	TAX COLLECTIONS PAYABLE	232,263	236,600	245,003	REVENUES	0	245,003
9	VACATION PAY ACCRUED	223,229	246,040	257,119	PAYROLL	0	257,119
10	MEDICAL INSURANCE RESERVE	44,599	46,029	49,169	5% GROWTH (REVISED TO 10 % GROWTH)	4,350	53,519
11	AUDIT FEES ACCRUED	25,116	26,143	27,300	CPI (REVISED TO 111.20%)	629	27,929
12							
13							
14							
15							
16							
17							
18							
20	TOTAL LIABILITIES	\$ 2,831,327	\$ 2,914,353	\$ 3,144,425		4,979	3,149,404
22	WORKING CAPITAL	\$ (135,645)	\$ (151,652)	\$ (159,203)		157,247	(1,956)

Schedule H  
 Page 2 of 2  
 December 1, 1990


September 26, 1990


Dear Friend:


We are pleased to provide you with our 1990 Florida Health Care Costs and Benefits Survey. Over 400 of Florida's largest employers participated in this second annual survey, creating a data base that depicts costs and coverage patterns for almost 20% of the state's workforce. We believe it will serve as a valuable aid in developing future benefit plan strategies.

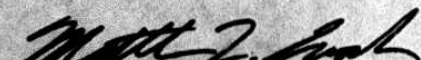
We welcome your comments and any questions you may have regarding the survey results or the survey's impact on your own benefit planning needs.


Sincerely,


  
Thomas F. Boudreau  
Principal

  
John Bichak, Jr.  
Principal

  
John P. Wylde  
Principal

  
Matthew L. Snook  
Consultant

  
Charles J. Tobin  
Actuarial Assistant

  
Janna Jahn  
Consultant

Enclosure

3030 North Rocky Point Drive West  
Suite 410  
Tampa FL 33607

813 281 0521

A Marsh & McLennan Company

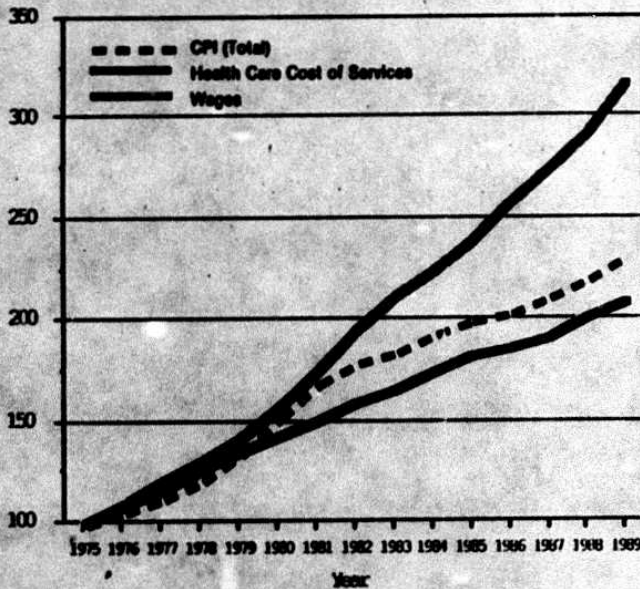
9/28/90  
CW  
P



## Health care costs: A national dilemma

The rising cost of health care continues to be a national crisis. Increases have outdistanced rising wages and the cost of living for over a decade. And experts contend the trend will continue in spite of numerous attempts to contain it.

CPI/Health Care Cost/Wage Index



As shown by the chart above, the rising cost of health care services has far outdistanced wage increases and the cost of living.

Ultimately there are only two payers of health care costs in this country. As citizens we pay a share of the cost through taxes and, when we utilize health care services, we pay that portion of the cost not paid through employer sponsored benefit plans. Employers pay the balance of the cost.

Those citizens not covered by public or private health care plans receive medical treatment when necessary at health care institutions — the cost for that care is ultimately shifted to all of us as citizens, and to employers.

As citizens we have yet to speak as one voice, leaving our government and the nation's employers to deal with the issue of rising costs. To date there does not appear to be a political consensus

that will produce a governmental solution. Employers throughout the country, large and small, are faced with managing the cost of providing health care coverage for their employees and families — a cost that is rising faster than most other company expenses.

## The Florida employer's challenge

Florida employers, like those in other states, continue to struggle with continued health care cost increases. Respondents to the 1990 Survey reported total plan cost increases of 20% over the previous year. While that increase amount is less than the 24% increase reported in the 1989 Survey, costs are expected to continue to rise at the 20+% level over the next few years. The harsh reality of such an increase rate is that total costs could double within the next four years.

Considerable time and effort are given by Florida employers in response to these cost increases. Efforts are being made to control over-utilization of health care services through various managed care programs. And employers are asking their employees to assume a proportionate share of the rising costs. But the commitment of Florida employers to maintain competitive health care programs for their employees remains steadfast.

With one of the largest Medicare-eligible populations in the country, Florida has almost 275 health care institutions that employ 175,000 citizens. Almost 48,000 licensed physicians practice in the state. And thousands of others are employed in ancillary diagnostic and treatment centers and in the manufacture and distribution of health care technology and supplies. Health care is a major industry in the state of Florida.

Perhaps the greatest challenge and opportunity to solve the issue of rising costs rests with a partnership effort between Florida employers, the health care provider community, and Florida's citizens — the users of health care services.

SCHEDULE J  
December 1, 1990

FLORIDA PUBLIC UTILITIES COMPANY  
GAS OPERATIONS - DOCKET 900151-GU  
REVISED RATE CASE EXPENSE

<u>Description</u>	<u>Original Estimate</u>	<u>Revised Estimate</u>
Cost of Money Witness	\$ 15,000	\$ 15,357
Legal Services	10,000	9,250
Travel	7,400	6,784
Advertising	3,600	6,015
Company Overtime	11,200	17,000
Miscellaneous Expenses <sup>1</sup>	1,500	2,500
<b>TOTAL</b>	<u>\$ 48,700</u>	<u>\$ 56,906</u>
 (1) Paper Supplies	\$ 600	\$ 700
Transcripts	500	500
Postage/Federal Express	400	400
Computer Assistance	-0-	900
	<u>\$ 1,500</u>	<u>\$ 2,500</u>



**BUCK  
CONSULTANTS**  
Two Pennsylvania Plaza  
New York, New York 10121

November 26, 1990

Mr. Jack R. Brown  
Treasurer  
Florida Public Utilities Company  
P.O. Box Drawer C  
West Palm Beach, Florida 33402

Dear Jack:

As requested, we have estimated the pension expense for the Company's Pension Plan for the year 1991. Our calculations are based on valuation data as of January 1, 1990, asset information as of October 31, 1990, and the assumptions used for calculating the Company's pension expense under FASB Statement No. 87 for 1990 (discount rate of 7.25%, rates of increase in future compensation levels averaging 5.5%, expected long term rate of return on assets of 8%, assumed increases in the Social Security wage base of 4.5% and decrements adopted for use in the valuation as of January 1, 1990).

The calculations reflect the Plan amendments which will be adopted to change the pension benefit formula to comply with the new integration rules under the Tax Reform Act of 1986. The new formula is 1.0% of five-year average final compensation up to an integration level equal to each individual's covered compensation, plus 1.65% of average final compensation in excess of that integration level, times years of credited service.

The results of our calculations are as follows:

<u>Year</u>	<u>Pension Expense</u>
1990 actual	\$ (20,387)
1990 with new benefit formula	8,672
1991 estimated	25,000

Please call me if you have any questions about these calculations.

Very truly yours,

*Clare*

Claire L. Wolkoff  
Consulting Actuary

CLW:EAK  
DOC:A02652BV.WP5

cc Mr. John R. Reinhartsen

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate increase )  
in natural gas operations by )  
FLORIDA PUBLIC UTILITIES COMPANY )  
\_\_\_\_\_ )

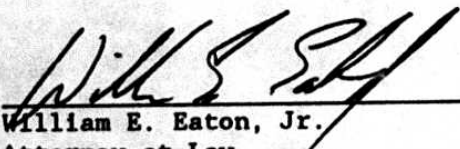
Docket No. 900151-GU

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on the 3rd day of December 1990, a correct copy of Supplemental Direct Testimony and Exhibits of Company Witnesses Darryl Troy and George Bachman were sent by Federal Express to the individuals listed below:

FREDERICK M. BRYANT, of  
Moore, Williams, Bryant,  
Peebles & Gautier, P.A.  
306 East College Avenue  
Tallahassee, FL 32301

Robert Elias, Staff Attorney  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32301

  
\_\_\_\_\_  
William E. Eaton, Jr.  
Attorney at Law  
Suite 301 Flagler Court Building  
215 Fifth Street  
West Palm Beach, FL 33401