

MEMORANDUM

July 19, 1991

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF AUDIT AND FINANCE (LJUD)
RE: DOCKET NO. 910076-EI -- FLORIDA PUBLIC UTILITIES
EARNINGS REVIEW AUDIT
AUDIT CONTROL NO. 91-084-4-1

**ORIGINAL
FILE COPY**

Forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit findings disclose information that may influence the decision process.

Audit was prepared using micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Florida Public Utilities Company
Attn: V. J. Patterson
P. O. Drawer C
West Palm Beach, FL 33402-3395

FD/sp

Attachment

cc: Chairman Beard
Commissioner Deason
Commissioner Easley
Commissioner
Commissioner Wilson
Bill Talbott, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin)
Division of Electric and Gas (Slemkewicz - DAFA)
Miami District Office (Welch)

Mr. Don Hale
Office of Public Counsel
624 Fuller Warren Building
202 Blount Street
Tallahassee, FL 32301

DOCUMENT NUMBER-DATE

07339 JUL 19 1991

PSC-RECORDS/REPORTING

Commissioners:
THOMAS M. BEARD, CHAIRMAN
MICHAEL WILSON
BETTY BASLEY
J. TERRY DEASON

State of Florida



STEVE TRIBBLE, Director
Division of Records and Reporting
(904) 488-8371

Public Service Commission

July 19, 1991

Florida Public Utilities Company
Attn: E. J. Patterson
P. O. Drawer C
West Palm Beach, FL 33402-3395

Dear Mr. Patterson:

Docket No. 910076-EI -- Florida Public Utilities
Earnings Review Audit

The enclosed report is forwarded for your review.

The audit report and any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

Steve Tribble

ST/FD/sp
Enclosure

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION

91 JUL 19 11 01 AM

FINANCIAL ANALYSIS

Florida Public Service Commission

Audit Report

13 Month Period Ended December 31, 1990

Field Work Completed

July 10, 1991

Florida Public Utilities Corporation

Marianna Electric Division


West Palm Beach, Florida

Palm Beach County

Surveillance Audit

Docket Number 910076-EI

DAFA Number 91-084-4-1



**Raymond Grant
Audit Manager**

**Audit Staff
Pat Drury**

Minority Opinion

No



**Kathy Welch
Regulatory Analyst Supervisor
Miami District Office**

DOCUMENT NUMBER-DATE

07339 JUL 19 1991

FPSC-RECORDS/REPORTING

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I. Executive Summary

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to audit the schedules of of Rate Base, Net Operating Income, and Capital Structure for the thirteen month average period ending December 31, 1990 prepared and filed by Florida Public Utilities Corporation in support of FPSC Docket 910076-EI.

DISCLAIM PUBLIC USE: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted audit standards and produce audited financial statements for public use.

OPINION: The schedules of Rate Base, Net Operating Income, and Capital Structure for the thirteen month average period ending December 31, 1990 represent Florida Public Utilities books and records maintained in substantial compliance with Commission Directives; The expressed opinions extend only to the scope of work described in section II of this report.

Summary Findings:

The company did not remove Flo-Gas from Common Equity in calculating their Cost of Capital for 1989 on MMFR D-1A

II. Audit Scope

The opinions contained in this report are based on the audit work described below. When used in this report COMPILED and EXAMINED means that audit work includes:

COMPILED: means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and, except as otherwise noted performed no other audit work.

EXAMINED: means that the audit staff reconciled exhibit amounts with the general ledger; traced general ledger account balances to subsidiary ledgers; applied selective analytical review procedures; tested account balances to the extent further described; and disclosed any error, irregularity, or inconsistency observed.

RATE BASE: Compiled Rate Base. Recalculated 13 month average and year end rate base at December 31, 1990. Recalculated common plant allocation and reconciled plant in service to the company's trial balance.

NET OPERATING INCOME: Compiled Net Operating Income.

COST OF CAPITAL: Compiled Cost of Capital. Foot and crossfoot Cost of Capital Schedules, recalculated 13-month averages, traced preferred stock, customer deposits and common equity cost rates to prior FPSC rate case order. Read FPSC Order 21532 to determine if company included adjustments from prior rate case in rate of return report.

AUDIT DISCLOSURE NO. 1

SUBJECT: Conservation Expense Adjustment

STATEMENT OF FACT: FPSC Order 21532 issued 6-12-89, states that the company should make an adjustment to remove conservation costs in calculating Net Operating Income.

OPINION: The conservation revenues and expenses used to adjust the Net Operating Income schedule is overstated by \$3,600 and \$3,659 respectively. The company used numbers from the rate of return report instead of 1990 amounts from the journal entries. Staff computed the difference using company Journal Entry 5C. The adjustment made for conservation related taxes is overstated by \$59.

Division	Conservation Expenses (A)	Tax Factor	Conservation Revenues (B)	Con. - Related Taxss (A)-(B)
JAN. 90	\$4,089	1.01652	\$4,157	\$68
FEB. 90	\$3,215	1.01652	\$3,268	\$53
MAR.90	\$3,134	1.01652	\$3,186	\$52
APRIL. 90	\$459	1.01652	\$467	\$8
MAY. 90	\$516	1.01652	\$525	\$9
JUNE.90	\$673	1.01652	\$684	\$11
JULY 90	\$717	1.01652	\$729	\$12
AUG. 90	\$752	1.01652	\$764	\$12
SEPT. 90	\$747	1.01652	\$759	\$12
OCT. 90	\$3,356	1.01652	\$3,411	\$55
NOV. 90	\$2,652	1.01652	\$2,696	\$44
DEC. 90	\$2,813	1.01652	\$2,859	\$46
Total Per Staff	\$23,123		\$23,505	\$382
PER COMPANY	\$26,723	1.01652	\$27,164	\$441
DIFFERENCE	(\$3,600)		(\$3,659)	(\$59)

RECOMMENDATION: No adjustment is needed because the net effect of the adjustment is zero.

COMPANY COMMENTS: The company agrees with this exception. They have used 13-month totals.

AUDIT EXCEPTION 1

SUBJECT: COST OF CAPITAL

STATEMENT OF FACTS:

I. Consolidated Capital Accounts

The company used the Rate of Return Report to prepare MMFR D-1A Cost of Capital for 1989.

Rule 25-6.023 F.A.C. states that the adjustments in a prior rate case should be carried forward to the Rate of Return Report. FPSC Order 21532, issued 6/12/89 calculated the Cost of Capital at the consolidated level after the removal of the Company's investment in Flo-Gas from Common Equity. The Company did not remove Flo-Gas from Common Equity in calculating their Cost of Capital on the Rate of Return.

II. FPSC Adjusted Rate Base

Although the Company included the rate base adjustments from FPSC Order 21532, issued 6/12/89, on the Rate of Return Report, they did not use the FPSC adjusted rate base to prorate the consolidated capital accounts on Capital Structure schedule. They used jurisdictional booked amounts. Rule 25-6.023 as stated above requires prior rate case adjustments to be carried forward to the Rate of Return Report.

OPINION:

I. and II. The utility has not complied with Rule 25-6.023 F.A.C. See page 6 for staff calculation for prorated rate base components using consolidated capital net of Flo-Gas and FPSC adjusted rate base.

RECOMMENDATIONS:

MMFR D-1A Cost of Capital for 1989 should be recalculated using consolidated capital net of Flo-Gas, FPSC and an adjusted rate base. The exhibits following this page are a revised Cost of Capital and Calculation of Consolidated Capital without Flo-Gas including the proration for FPSC adjusted rate base. See page 5 for this calculation. The company correctly calculated 1990.

The effect of the revised recalculation changes Cost of Capital on MMFR D-1A Cost of Capital for 1989 from 9.13% to 9.05% .

COMPANY COMMENTS: Forthcoming.

MARIANNA - AVERAGE TEST YEAR
 CALCULATION WITHOUT FLO-GAS

		MARIANA AVERAGE YEAR						
ACC'T	DESCRIPTION	(A) FLO-GAS FPUC	(B) FLO-GAS	(C) (A)-(B) TOTAL	(D) % OF TOTAL	(E) (D)*DEFICIENCY % ALLOCATED TO MARIANA	(F) (D)* DEFICIENCY WITH FPSC ADJ MARIANA	(G) DIFFERENCE
221	BONDS	20,196,823.00		20,196,823.00				
181	UNAMORTIZED DEBT DIS CURR. FIRST MTGE BOND	(817,066.00) (453,923.00)		(817,066.00) (453,923.00)				
	LONG TERM DEBT.....			18,925,834.00	53.21%	3,621,663.09	3,633,569.36	11,906.27
231	NOTES PAYABLE	1,739,892.00		1,739,892.00	4.89%	332,830.91	333,925.09	1,094.19
204	PREFERRED STOCK	600,000.00		600,000.00	1.69%	115,027.45	115,405.60	378.15
235	CUSTOMER DEPOSITS	2,589,440.00	(338,382.00)	2,251,058.00		407,076.00	407,076.00	0.00
201	COMMON STOCK	1,844,379.00	(10,000.00)	1,834,379.00				
207	PREMIUM ON C/S	3,592,056.00		3,592,056.00				
211	MISC. PAID IN CAP.	551,931.00		551,931.00				
216	UNAPPROPRIATED R/E	10,478,895.00	(2,143,193.00)	8,335,702.00				
123	INVESTMENT IN ASSOC.	(459,280.00)	449,280.00	(10,000.00)				
	COMMON EQUITY.....			14,304,066.00	40.21%	2,736,836.55	2,745,833.94	8,997.39
255	ACC. DEF. ITC			0.00		389,620.00	389,620.00	0.00
282	ACC. DEF. INCOME TAX					1,576,073.00	1,576,073.00	0.00
190	ACC. DEF. INCOME TAX			0.00				
				0.00				
					1.00	9,179,127.00	9,201,503.00	22,376.00
	TOTAL-LTD, STD, PS, CE			35,599,794.00				
	RATE BASE - DECEMBER 31, 1990 (WITHOUT FPSC ADJ)	9,179,127.00					9,201,503.00	
	CUST. DEP.+ACC. DEF. ITC+ACC. DEF. INC. TAX PERTAINING TO MARIANA ONLY	2,372,769.00					2,372,769.00	
	DIFFERENCE-DEFICIENCY	6,806,358.00					6,828,734.00	

Calculation of columns (E) and (F):

Rate Base (either jurisdictional (E) of FPSC adjusted (F) less items not allocated from consolidated (customer deposits, investment tax credits and deferred taxes-known items) = a Deficiency.

Find the % of each unknown to the total unknown items (LTD, STD, Preferred Stock and Common Equity) and apply each percent to the deficiency. The unknown Cost of Capital components are prorated to agree with rate base.

Order 21532 Adjusted Consolidated Capital Structure to remove the deregulated operations of Flo-Gas when calculating the cost of capital. The utility did not do this on MMFR D-1A Cost of Capital for 1989. Column C is the resulting cost of capital components after removal of Flo-Gas. Column E is the prorata components to Marianna and column F is the prorata components to Marianna including the FPSC adjustments to rate base in the last rate case docket no. 88058-EI.

FLORIDA PUBLIC UTILITIES COMPANY
MARIANNA DIVISION
REVISED CAPITAL STRUCTURE***
TEST YEAR 1989
FPSC ADJUSTED BASIS

AVERAGE	COMPANY CONSOLIDATED	ADJUSTMENT FOR FLO-GAS	COMPANY WITHOUT FLO-GAS	ADJUSTMENT FOR FPSC ADJ RATE BASE	STAFF ADJUSTED COMPANY COST OF CAPITAL	MID POINT		
						RATIO (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	\$3,455,949	185,714	3,621,663	11,906	3,633,569	39.49%	9.72	3.84
SHORT TERM DEBT	317,713	15,118	332,831	1,094	333,925	3.63%	9.45	0.34
PREFERRED STOCK	109,563	5,465	115,027	378	115,406	1.25%	4.75	0.06
CUSTOMER DEPOSITS	407,076		407,076		407,076	4.42%	8.30	0.37
COMMON EQUITY	2,923,133	(186,297)	2,736,837	8,997	2,745,834	29.84%	13.35	3.98
DEFER. INC. TAX	1,576,073		1,576,073		1,576,073	17.13%		0.00
TAX CRE-ZERO COST	11,607		11,607		11,607	0.13%		0.00
TAX CRE-WEIGHTED	378,013		378,013		378,013	4.11%	11.27	0.46
TOTAL	\$9,179,127	(\$0)	\$9,179,127	\$22,376	9,201,503	100.00%		9.05

*** REVISED FOR (1) REMOVAL OF FLO-GAS FROM CONSOLIDATED CAPITAL, (2) USE OF FPSC ADJUSTED RATE BASE FROM PRIOR AUDIT.

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a schedule of 13 month average rate base as adjusted for the test year and the prior year. Provide detail of all adjustments on Schedule B-3c.

Type of Data Shown:
Prior Year Ended 12/31/89

COMPANY: FLORIDA PUBLIC UTILITIES
HARRIAMA DIVISION

DOCKET NO.: 910074-EI

Line No.	Description	(1) Harrima Division Per Books	(2) Non- Electric Utility	(3) Electric Utility	(4) Commission Adjustments (Sch. B-3c)	(5) Utility Adjusted Per Conn.	(6) Company Adjustments (Sch. B-3c)	(7) Total Utility Adjusted	(8) Jurisdictional Separation Factor	(9) Jurisdictional Utility Adjusted Per Co. & Conn.
1	UTILITY PLANT:									
2	-----									
3	PLANT CLOSED & IN SERVICE	13,216,750		13,216,750		13,216,750	13,216,750		13,216,750	
4	COMMON PLANT ALLOCATED	175,289		175,289		175,289	175,289		175,289	
5	ACQUISITION ADJUSTMENT	3,691		3,691		3,691	3,691		3,691	
6	COMPLETED CONSTRUCTION	133,856		133,856		133,856	133,856		133,856	
7	CONSTRUCTION WORK IN PROGRESS	6,491		6,491		6,491	6,491		6,491	
8	-----									
9	TOTAL PLANT	13,536,085	0	13,536,085	0	13,536,085	13,536,085		13,536,085	
10	-----									
11	DEDUCTIONS:									
12	-----									
13	ACCUM. DEPR. UTIL. PLANT	4,407,850		4,407,850		4,407,850	4,407,850		4,407,850	
14	ACCUM. DEPR. COMMON PLANT	82,733		82,733		82,733	82,733		82,733	
15	ACCUM. AMORT. ACQ. ADJUSTMENT	3,691		3,691		3,691	3,691		3,691	
16	CUST. ADVANCES FOR CONSTR.	29,237		29,237		29,237	29,237		29,237	
17	-----									
18	TOTAL DEDUCTIONS	4,523,511	0	4,523,511	0	4,523,511	4,523,511		4,523,511	
19	-----									
20	UTILITY PLANT - NET	9,012,574	0	9,012,574	0	9,012,574	9,012,574		9,012,574	
21	-----									
22	-----									
23	ALLOWANCE FOR WORKING CAPITAL:									
24	-----									
25	WORKING CAPITAL - BALANCE									
26	SHEET METHOD	166,553		166,553	22,376	188,929	188,929		188,929	
27	-----									
28	TOTAL RATE BASE	9,179,127	0	9,179,127	22,376	9,201,503	9,201,503		9,201,503	
29	-----									

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a schedule of 13 month average rate base as adjusted for the test year and the prior year. Provide detail of all adjustments on Schedule B-3c.

Type of Data Shown:
Historic Year Ended 12/31/90

COMPANY: FLORIDA PUBLIC UTILITIES

HARRIANA DIVISION

DOCKET NO.: 910076-E1

Line No.	Description	(1) Harianna Division Per Books	(2) Non- Electric Utility	(3) Electric Utility	(4) Commission Adjustments (Sch. B-3c)	(5) Utility Adjusted Per Conn.	(6) Company Adjustments (Sch. B-3c)	(7) Total Utility Adjusted	(8) Jurisdictional Separation Factor	(9) Jurisdictional Utility Adjusted Per Co. & Conn.
1	UTILITY PLANT:									
2	-----									
3	PLANT CLOSED & IN SERVICE	14,165,740		14,165,740		14,165,740	(2) 14,165,738		14,165,738	
4	COMMON PLANT ALLOCATED	200,291		200,291		200,291	6,044 206,335		206,335	
5	ACQUISITION ADJUSTMENT	3,691		3,691		3,691	3,691		3,691	
6	COMPLETED CONSTRUCTION	73,410		73,410		73,410	73,410		73,410	
7	CONSTRUCTION WORK IN PROGRESS	6,040		6,040		6,040	6,040		6,040	
8	-----									
9	TOTAL PLANT	14,449,172	0	14,449,172	0	14,449,172	6,042 14,455,214		14,455,214	
10	-----									
11	DEDUCTIONS:									
12	-----									
13	ACCUM. DEPR. UTIL. PLANT	4,891,768		4,891,768		4,891,768	(3) 4,891,765		4,891,765	
14	ACCUM. DEPR. COMMON PLANT	93,752		93,752		93,752	2,692 96,444		96,444	
15	ACCUM. AMORT. ACQ. ADJUSTMENT	3,691		3,691		3,691	3,691		3,691	
16	CUST. ADVANCES FOR CONSTR.	41,971		41,971		41,971	41,971		41,971	
17	-----									
18	TOTAL DEDUCTIONS	5,031,182	0	5,031,182	0	5,031,182	2,689 5,033,871		5,033,871	
19	-----									
20	UTILITY PLANT - NET	9,417,990	0	9,417,990	0	9,417,990	3,353 9,421,343		9,421,343	
21	-----									
22										
23	ALLOWANCE FOR WORKING CAPITAL:									
24	-----									
25	WORKING CAPITAL - BALANCE									
26	SHEET METHOD	208,093		208,093	(195,795)	12,298	(320,141) (307,843)		(307,843)	
27	-----									
28	TOTAL RATE BASE	9,626,083	0	9,626,083	(195,795)	9,430,288	(316,788) 9,113,500		9,113,500	
29	-----									

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA PUBLIC UTILITIES
 HARIANNA DIVISION
 BUCKET NO.: 910076-E1

EXPLANATION: Provide a schedule of proposed and commission adjustments to net operating income per books for the test year.

Type of Data Shown:
 Historic Test Year Ended 12/31/89

Line No.	Description	(1) Hariana Division Per Books	(2) Non- Electric Utility	(3) Electric Utility	(4) Commission Adjustments (Sch. C-2e)	(5) Utility Adjusted Per Conn.	(6) Company Adjustments (Sch. C-2e)	(7) Total Utility Adjusted	(8) Jurisdictional Separation Factor	(9) Jurisdictional Utility Adjusted Per Co. & Conn.	(10) Additional Company Adjs. (C-2e)	(11) Revised Utility Adjusted
1	Operating Revenues:											
2	Sales of Electricity	14,318,615		14,318,615		14,318,615	(10,877,498)	3,441,117		3,441,117	3,441,117	
3	Other Operating Revenues	(88,883)		(88,883)		(88,883)		(88,883)		(88,883)	(88,883)	
4												
5	Total Operating Revenues	14,229,732		14,229,732		14,229,732	(10,877,498)	3,352,234		3,352,234	3,352,234	
6												
7	Operating Expenses:											
8	Operation	11,873,011		11,873,011		11,873,011	(10,685,575)	1,187,436		1,187,436	1,187,436	
9	Maintenance	486,527		486,527		486,527		486,527		486,527	486,527	
10	Depreciation	520,479		520,479		520,479		520,479		520,479	520,479	
11	Depreciation-Common Plant	13,158		13,158		13,158		13,158		13,158	13,158	
12	Taxes Other Than Income Taxes	414,299		414,299		414,299	(180,155)	234,144		234,144	234,144	
13	Income Taxes - Current	(81,399)		(81,399)	8,966	(72,433)	(16,497)	(88,930)		(88,930)	(88,930)	
16	Deferred Income Taxes-Net	273,340		273,340		273,340		273,340		273,340	273,340	
19	Charge Equivalent to ITC											
20	Amortization of ITC	(22,490)		(22,490)		(22,490)		(22,490)		(22,490)	(22,490)	
21												
22	Total Operating Expenses	13,476,925		13,476,925	8,966	13,485,891	(10,882,227)	2,603,664		2,603,664	2,603,664	
23												
24	Operating Income	752,807		752,807	(8,966)	743,841	4,729	748,570		748,570	748,570	
25												
26												
27												
28												

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a schedule of proposed and commission adjustments to net operating income per books for the test year.

Type of Data Shown:
Historic Test Year Ended 12/31/90

COMPANY: FLORIDA PUBLIC UTILITIES

MARIANNA DIVISION

DOCKET NO.: 910074-EI

Line No.	Description	(1) Mariana Division Per Books	(2) Non- Electric Utility	(3) Electric Utility	(4) Commission Adjustments (Sch. C-2e)	(5) Utility Adjusted Per Conn.	(6) Company Adjustments (Sch. C-2e)	(7) Total Utility Adjusted	(8) Jurisdictional Separation Factor	(9) Jurisdictional Utility Adjusted Per Co. & Conn.	(10) Additional Company Adjs. (C-2e)	(11) Revised Utility Adjusted
1	Operating Revenues:											
2	Sales of Electricity	14,175,359		14,175,359		14,175,359	(10,703,168)		3,472,191		3,472,191	
3	Other Operating Revenues	11,471		11,471		11,471			11,471		11,471	
4												
5	Total Operating Revenues	14,186,830	0	14,186,830	0	14,186,830	(10,703,168)		3,483,662		3,483,662	
6												
7	Operating Expenses:											
8	Operation	11,746,565		11,746,565		11,746,565	(10,538,072)		1,208,493		1,208,493	
9	Maintenance	499,878		499,878		499,878			499,878		499,878	
10	Depreciation	552,199		552,199		552,199			552,199		552,199	
11	Depreciation-Common Plant	19,530		19,530		19,530	485		20,015		20,015	
12	Taxes Other Than Income Taxes	452,003		452,003		452,003	(175,670)		276,333		276,333	
13	Income Taxes - Current	(7,813)		(7,813)	20,221	12,408	3,796		16,204		16,204	
14	Deferred Income Taxes-Net	167,107		167,107		167,107	302		167,409		167,409	
15	Charge Equivalent to ITC	0		0		0			0		0	
16	Amortization of ITC	(12,439)		(12,439)		(12,439)			(12,439)		(12,439)	
17												
18	Total Operating Expenses	13,417,030	0	13,417,030	20,221	13,437,251	(10,709,159)		2,728,092	0	2,728,092	
19												
20	Operating Income	769,800	0	769,800	(20,221)	749,579	5,991		755,570	0	755,570	

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
HARRIAMA DIVISION
DOCKET NO. 910076-E1

Explanation: Provide the Company's 13-month average cost of capital for (1) the test year, (2) the prior year if the test year is projected, and (3) the test year of the last rate case. In addition, calculate cost rates for each class of capital. Provide data for (1) the test year and (2) the prior year.

Type of Data Shown:

Historic Test Year Ended 12/31/89

Line No.	Class of Capital	(A) Dollars	(B) Ratio	(C) Cost Rate	(D) Weighted Cost Rate	(E) Interest Expense
1						
2						
3						
4	COMMON EQUITY	2,932,249	31.07%	13.35%	4.2546%	
5	PREFERRED EQUITY	109,940	1.19%	4.75%	0.0565%	
6	LONG-TERM DEBT	3,467,636	37.69%	9.72%	3.6635%	337,054
7	BANK NOTES	310,909	3.47%	9.45%	0.3279%	30,137
8	CUSTOMER DEPOSITS					
9	ACTIVE	405,605	4.41%	0.30%	0.3660%	33,665
10	INACTIVE	1,471	0.00%	0.00%	0.0000%	
11	INVESTMENT TAX CREDIT					
12	32	11,607	0.13%	0.00%	0.0000%	
13	POST '70	370,013	4.11%	11.27% (1)	0.4632%	19,573
14	DEFERRED INCOME TAXES	1,576,073	17.13%	0.00%	0.0000%	
15		-----	-----		-----	-----
16		9,201,503	100.00%		9.1317%	420,429
17		-----	-----		-----	-----
18				ROUNDED	9.13%	
19					-----	
20						
21	(1) COST RATE FOR POST '70 INVESTMENT TAX CREDIT:					
22	COMMON EQUITY	2,932,249	45.04%	13.35%	6.0120%	
23	PREFERRED EQUITY	109,940	1.69%	4.75%	0.0003%	
24	LONG-TERM DEBT	3,467,636	53.27%	9.72%	5.1770%	
25		-----	-----		-----	
26		6,509,825	100.00%		11.2709%	
27		-----	-----		-----	
28						

FLORIDA PUBLIC SERVICE COMMISSION

Explanation: Provide the Company's 13-month average cost of capital for (1) the test year, (2) the prior year if the test year is projected, and (3) the test year of the last rate case. In addition, calculate cost rates for each class of capital. Provide data for (1) the test year and (2) the prior year.

Type of Data Shown:

COMPANY: FLORIDA PUBLIC UTILITIES

Historic Test Year Ended 12/31/90

HARTMAN DIVISION

DOCKET NO. 910076-EI

Line No.	Class of Capital	(A) Dollars	(B) Ratio	(C) Cost Rate	(D) Weighted Cost Rate	(E) Interest Expense
1						
2						
3						
4	COMMON EQUITY	2,400,997	26.35%	13.35%	3.5177%	
5	PREFERRED EQUITY	101,424	1.11%	4.75%	0.0527%	
6	LONG-TERM DEBT	3,103,945	34.06%	10.11%	3.4435%	313,809
7	BANK NOTES	772,478	8.48%	8.89%	0.7539%	68,673
8	CUSTOMER DEPOSITS					
9	ACTIVE	436,699	4.79%	8.30%	0.3976%	36,246
10	INACTIVE	1,584	0.02%	0.00%	0.0000%	
11	INVESTMENT TAX CREDIT					
12	3%	10,068	0.11%	0.00%	0.0000%	
13	POST '70	358,603	3.93%	11.40% (1)	0.4480%	20,071
14	DEFERRED INCOME TAXES	1,927,702	21.15%	0.00%	0.0000%	
15		-----	-----		-----	-----
16		9,113,500	100.00%		8.6134%	438,799
17		-----	-----		-----	-----
18					ROUNDED 8.61%	
19					-----	
20						
21	(1) COST RATE FOR POST '70 INVESTMENT TAX CREDIT:					
22	COMMON EQUITY	2,400,997	42.83%	13.35%	5.7178%	
23	PREFERRED EQUITY	101,424	1.81%	4.75%	0.0860%	
24	LONG-TERM DEBT	3,103,945	55.36%	10.11%	5.5969%	
25		-----	-----		-----	
26		5,606,366	100.00%		11.4007%	
27		-----	-----		-----	
28						