

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for rate) DOCKET NO. 960502-GU
increase by City Gas Company of) ORDER NO. PSC-96-1404-FOF-GU
Florida.) ISSUED: NOVEMBER 20, 1996
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING INCREASE IN RATES AND CHARGES

BY THE COMMISSION:

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

BACKGROUND

On June 18, 1996, City Gas Company of Florida, an operating division of NUI Corporation, (City Gas or the Company) filed a petition for a permanent rate increase of \$5,283,344 in additional annual revenues. The Company based its request on a 13-month average rate base of \$94,432,747 for a projected test year ending September 30, 1997. The requested overall rate of return is 8.25% based on an 11.90% return on equity.

By Commission Order No. PSC-96-1113-FOF-GU, issued September 3, 1996, we suspended the Company's proposed permanent rates and granted an interim increase of \$2,151,503, based on a 13-month average rate base for the 12 month test period ending September 30, 1995.

In City Gas' last rate case, Docket No. 940276-GU, Order No. PSC-94-1570-FOF-GU, issued December 19, 1994, we found the Company's jurisdictional rate base to be \$82,638,219 for the projected test year ending September 30, 1995. We authorized a

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rate of return of 7.26% for the test year, which was based on an 11.30% return on equity.

Pursuant to Section 366.06(4), Florida Statutes, City Gas requested to proceed under our proposed agency action (PAA) process. Under that section, if the Commission fails to issue an Order within 5 months of the filing, the utility is entitled to place the proposed rates in effect under bond or corporate undertaking.

Customer service hearings were held on September 4, 1996, in Port St. Lucie, Florida; on September 9, 1996 in Miami Springs, Florida and on September 12, 1996 in Cocoa Beach, Florida.

We find that the Company shall be awarded a permanent rate increase of \$3,752,678. Our specific findings and adjustments are set forth below. This docket shall remain open pending our review of two issues which are discussed in Section IX of this Order.

I. QUALITY OF SERVICE

We find that the Company's quality of service is satisfactory. The Division of Consumer Affairs (CAF) reviewed and analyzed a sample of complaints made to the Commission by City Gas customers. Of the 44 inquiries reviewed, only eight were related to service. The remaining complaints were related to customer billing and request for information. We are informed that all complaints have been satisfactorily resolved by the Company.

Since City Gas' last rate case, the Company has converted its billing system, and made changes to its unregulated leased appliance operations. Considering these events, and the review of service complaints, we believe the Company has maintained its quality of service at a satisfactorily level.

II. PROJECTED TEST PERIOD

City Gas' request for permanent rate relief is based on a historical test period ending September 30, 1995 and a projected test period ending September 30, 1997. With our adjustments, we find that 1995 and 1997 test years are appropriate.

A. An adjustment is required due to changes to the Company's test year forecasts for customers and therm sales by revenue class. Because of these changes which are discussed below, net revenues should be increased \$18,071.

(1) Updated Customer and Therm Forecasts: Using actual bill data through June 1996 which became available after the Company filed its Minimum Filing Requirements (MFRs), the Company submitted an update which contains adjustments for the deviations between forecasted and actual customers and therms through June 30, 1996. These adjustments change the as-filed monthly customers and therms forecasts from July 1996 through September 1997 by the amount of deviation in the June 1996 forecasts.

The updated customer forecasts reflect the latest market data available to the Company and include expectations regarding inter-class migration. In addition, the as-filed forecast of therms inadvertently includes the impact of normal weather calculated over a 17-year period for the Brevard and Indian River Divisions. The Company intended to use 10-year normal weather to forecast sales for all divisions. Thus, City Gas included the impact of only 10-year normal weather in its updated therm forecast, not 17-year normal weather.

(2) Bill Forecasts: An adjustment is needed to reflect the Company's updated bill forecasts. The updated test year commercial bill forecast (59,378 bills) is significantly lower than the as-filed commercial bill forecast (61,375 bills). This change is due primarily to the occurrence of a lower-than-expected number of actual commercial bills to date. In contrast, the updated residential bill forecast (1,151,280 bills) has increased 1,976 bills compared to the as-filed residential bill forecast (1,149,304 bills). The Company indicates that this is due in a large part to an expectation of greater growth in residential customers in the Brevard Division than was originally forecasted. In total, the Company's updated bill forecasts include 670 fewer bills (or 56 fewer customers) than the as-filed forecasts.

Despite the Company's downward adjustment in the updated commercial bill forecast, the updated forecast reflects an expectation of strong growth during the test year (6.2 percent above the Historic Base Year + 1, per the ratio: 59,378 test year bills / 55,913 Historic Base Year + 1 bills). The Company asserts that this level of forecasted growth is realistic due to the marketing opportunities associated with additional sales support and facility expansions. Despite the Company's optimistic commercial bills growth rate reflected in the commercial customer forecast, assuming the Company's marketing opportunities are realized, we believe the Company's forecast of commercial customers is not unreasonable.

(3) Huntington Development: We made an adjustment to exclude the 1,392 residential bills associated with the anticipated conversion of the Huntington Development from LP to natural gas. The Company has recently indicated that this conversion will not take place until after the projected 1997 test year.

(4) Treasure Coast: We determined that the total therm sales of 96,893,244 for the base year included February, 1995 sales of 9,593,819. Actual therm sales, however, were 9,578,671. The error was due to the Company including the residential therm sales of Treasure Coast twice. Therefore, we made an adjustment to correct this error.

(5) 30-year normal weather: The Company based its therm forecasts on its calculations of normal (average) weather over a 10-year weather period for the Miami and St. Lucie Divisions, and a 17-year weather period for the Brevard and Indian River Divisions. When forecasting gas usage, we believe it is appropriate to use 30 years of weather data. We have approved the use of 30-year weather data when adjusting base rates for other gas utilities. See Order No. PSC-96-1192-FOF-GU, issued on September 23, 1996, in Docket No. 960831-GU for West Florida Natural Gas Company.

Normal weather estimates based on 30 years of data are more stable than those based on fewer years of information. When as few as 10 years of data is used, the resulting estimates can vary significantly from one year to the next as new data replaces old data. The variability in normal weather impacts the revenue forecast. City Gas has determined the difference in total therm consumption based on 30-year weather norms compared to 10-year weather norms. This analysis indicates that the test year therm forecast based on 30 years of weather data is 630,500 therms greater than the updated test year therm forecast based on 10 years of weather data. We believe the Company's therm forecast based on 30 years of weather data is more appropriate for estimating test year revenues, and have accordingly made an adjustment to reflect use of this data.

B. We made an adjustment to increase the Company's test year forecast of initial connections and reconnections by 692. This adjustment results in a revenue increase of \$16,015. The increase in connections and reconnections is due to changes associated with the updated bill forecast discussed above.

III. RATE BASE

The utility's rate base is the investment upon which it is entitled to earn a return. Once a rate base has been established, the test-period expense and rate of return are determined, and the revenue requirement can be calculated by multiplication. We approve a test-year rate base for City Gas of \$91,911,029 as shown on Attachment 1. This amount was calculated based upon the Company's filing and our adjustments which are discussed below.

A. We made a \$35,828 adjustment to rate base to remove the cost of artwork displayed at the Company's Hialeah offices. This artwork provides no benefit to the Company's ratepayers and was removed from rate base in the last rate case. Normally rate base items would also have associated depreciation expense and reserve accounts. In this instance, however, the Company is not depreciating the artwork; therefore no adjustment is required for depreciation expense or reserve.

B. We find that the Treasure Coast (St. Lucie) Plant Held for Future Use, should be included in rate base. In the Company's last rate case, we excluded a portion of the Treasure Coast purchase from rate base because it was not justified. In the current case, the Company made an adjustment to reinstate the original cost of this purchase in Plant-In-Service. Applying the tariffed feasibility criteria, we determined that the Treasure Coast purchase now passes this test.

C. We made adjustments to Plant, Accumulated Depreciation, and Depreciation Expense for cancelled and delayed projects. We reduced Plant by \$856,978 total company (\$848,852 regulated); and Accumulated Depreciation by \$1,915 total company (\$1,897 regulated). In addition, we increased depreciation expense \$2,676 for total company (\$2,651 regulated).

D. We made adjustments to exclude the Huntington Development from rate base, revenues, and expenses. City Gas included its investment in the Huntington Development in rate base. This development is an LP Block distribution system which is awaiting conversion to natural gas. The Company does not expect the conversion to occur before the end of the projected 1997 test year. Since this system will not provide natural gas service before the end of the test year, we believe it is appropriate to exclude it from rate base. Therefore, we reduced Construction Work In Progress \$164,986 and reduced expenses \$16,113. As discussed previously, we have made an adjustment to the test year forecast to exclude the revenues associated with this project.

E. We find that the Ft. Pierce Utility Authority (FPUA), Western Energy and the Consolidated purchases, should be included in rate base. The Company, however, did not properly record the purchases, therefore adjustments are required to the Company's books.

In the Company's last rate case, we approved the inclusion of the FPUA and Consolidated Gas purchases, and a portion of the Western Energy purchase in rate base. FPUA, Western Energy and Consolidated Gas are non-regulated companies, therefore, City Gas did not have access to the original cost records which prevented the Company from recording the purchases at original cost. We ordered the Company to perform an engineering valuation study to determine the original cost and accumulated depreciation of the purchased assets, as well as to determine the appropriate primary plant accounts in which to record those assets. The studies would enable the Company to comply with the Uniform System of Accounts' requirement that the original cost of plant should be estimated if not known. The Company has now performed the required studies which we accept.

We now include the portion of the Western Energy purchase which was excluded during the last rate case. Applying the tariffed feasibility criteria, these assets now pass this test.

With regard to each system, the Company recorded on its books, as the original cost of the purchased assets, the purchase price of the assets. The Company then determined the amount of accumulated depreciation by subtracting the original cost from the purchase price. We believe the Company should have calculated the accumulated depreciation by applying the applicable depreciation rates to the original costs by vintage year of installation. Thus, the Company should make adjustments to its books as of the date of acquisition to conform with this methodology. (See Attachment 9) These adjustments will result in the Company recording the assets and the applicable accumulated depreciation at estimated original cost by primary account. This enables the Company to satisfy the requirements of future depreciation studies and the requirements of the Uniform System of Accounts.

The resulting acquisition adjustments are fall out numbers and differ from true acquisition adjustments where the original cost and accumulated depreciation are actual amounts determined from the books of a selling regulated company, as was the case in the acquisition of the assets from Miller Gas Company, a regulated natural gas company.

The total rate base amount shall remain in rate base because of the benefits of the acquisition to the former propane customers and the entire natural gas customer base of City Gas overall. The acquisition of these systems resulted in a lowering of rates to the former propane customers while providing them with a safer, more reliable product and access to City Gas' regulated protections for safety, consumer affairs and pricing. City Gas' entire customer base benefited from the improved throughput from serving the propane customers, who bear a fair share of City Gas' necessary fixed costs including capacity costs for the delivery of gas to the city gate. City Gas did not require additional capacity to serve these customers.

For the projected 1997 test year, we made the following adjustment to recognize the inclusion of all three systems in rate base: We increased Plant-In-Service \$699,991; Accumulated Depreciation \$1,057,223; Acquisition Adjustments \$203,176; Accumulated Amortization \$36,301; and Depreciation and Amortization Expense \$30,797. Attachment 10 shows the specific adjustment for each system.

F. We made adjustments to reduce Plant \$423,801; Accumulated Depreciation \$146,414; Accumulated Amortization Reserve \$2,619; Depreciation Expense \$20,928; and Amortization Expense \$256 to remove amounts associated with non-utility operations. Each change is addressed below.

(1) City Gas Regulated/Non-Regulated Allocation: City Gas used a 11.35% Payroll Distribution factor to allocate the plant, reserve, and expense amounts between regulated and non-regulated for Accounts 392-Transportation Equipment, 393-Stores Equipment, 394-Tool, Shop & Garage Equipment, and 397-Communication Equipment. For allocation of NUI Corporate, NUI-Southern Division, Elizabethtown Gas, and various costs incurred by City Gas, the Company used a 3-Factor allocation method to develop a regulated and non-regulated split based upon payroll, plant, and number of employees. We believe that the 3-Factor method is a more appropriate method for allocating common costs between regulated and non-regulated operations because it considers other elements beyond payroll. Thus, we increased the plant balances for Accounts 394 and 397 by \$25,833 and \$18,462, respectively.

The Company incorrectly recorded amounts to account 398-Miscellaneous Equipment that should more appropriately be recorded in Accounts 394 and 397. The following schedule shows the additional amounts for each account we removed as non-utility based upon the revised account balances and the 16.14% factor.

Account	Plant	Reserve	Expense
Account 392-Transportation Equipment	\$32,340	\$22,642	\$1,458
Account 393-Stores Equipment	2,169	849	102
Account 394-Tool, Shop & Garage Equipment	47,999	24,953	3,027
Account 397-Communication Equipment	20,527	9,385	1,210
TOTAL	\$103,035	\$57,829	\$5,797

(2) Hialeah Building #955 Allocations: We find that the NUI-Southern 3-Factor allocation, based upon the relative percentage of payroll, plant, and number of customers for City Gas regulated, City Gas non-regulated, and all other NUI-Southern Division activities should be used for allocating the costs associated with Hialeah building #955. In addition, this building includes common areas which are used by NUI-South executives. Based on the 3-Factor allocation we calculated the Hialeah Building #955 factor to be 28.89%. Thus, we removed an additional \$22,067 in plant, \$6,961 in reserve, and \$419 in expense for ratemaking purposes.

(3) Hialeah Building #933 Allocations: For reasons which are similar to those discussed above with respect to the Building #955 allocation, we calculated the #933 factor to be 23.62%. At the new rate, we removed an additional \$12,299 in plant, \$4,075 in reserves, and \$257 in expense for ratemaking purposes.

(4) Hialeah Building #1001 Allocations: For reasons similar to those discussed above with respect to the Building #955, we recalculated the Hialeah Building #1001 allocation factors, applying the updated NUI-Southern allocation factor and the 3-Factor percentage to the areas in question. Using the new 28.83% Hialeah Building #1001 factor, we removed an additional \$29,610 in plant, \$844 in reserves, and \$562 in expense for ratemaking purposes.

(5) Hialeah General Office: As a result of the changes to Buildings #955 and #933 discussed above, we modified the allocation factors associated with this land. We recalculated the non-regulated percentage based upon the weighted average of the square footage used for Buildings #933 and #955. Using the recalculated factor of 25.35%, we removed an additional \$1,919 in plant.

(6) Account 374 - Titusville Gate (Land): This land is the site of the Titusville Gate Station which houses a natural gas gate station (14.0%), a propane storage tank and related facilities (19.1%), and storage for an 8-inch steel gas pipe (14.5%),. The remainder of the site is vacant with no apparent use (52.4%). The portion of the property used for the propane tank and related facilities (19.1%) and the portion that is vacant (52.4%) is non-utility. Therefore, we reduced Plant by \$12,139.

(7) Account 374 - Propane Sales (Land): This land is the site of the old propane sales facility located on 10th Avenue in Hialeah, Florida. The propane pumps and piping stored there are not operational. It is doubtful that this property will provide a utility function in the future; therefore, we reduced Plant by \$12,195, which is the cost of the land.

(8) Account 375 - Propane Sales (Structure): In the past, propane sales were conducted out of this building, which is located on 10th Avenue. Today, the building is vacant and shows no apparent use. City Gas officials indicated that the structure could possibly be used to store records in the future. We believe the building would not be secure enough to house records, as this building is located three blocks from the other Hialeah offices of City Gas and is adjacent to a public rail station. The Company has removed 80% of the costs as non-utility; however, a further reduction of the remaining 20% is required. Thus, we reduced Plant by an additional \$11,028; reserve by an additional \$4,920; and depreciation expense by an additional \$232.

(9) Account 375 - Rockledge - Office (Structure): In City Gas' allocation of this structure between utility and non-utility, the appliance storage area was apportioned using the customer billing ratio and payroll distributions. In total, 18.23% of the costs associated with the structure were allocated to non-utility. We believe that 100% of the cost of the appliance storage area, or 28.2% of the total cost of the structure, should be removed because it is non-utility in nature. Therefore, we removed an additional \$1,218 in plant, \$674 in reserve, and \$26 in depreciation expense.

(10) Account 375 - Titusville Gate (Improvements): The dollars shown in this account represent fencing and street improvements for both the natural gas gate station (42.3%) and the propane storage facility (57.7%). In its MFRs, the Company allocated none of the costs associated with these improvements to non-utility operations. We believe that the expense should be allocated between utility and non-utility based upon square footage usage. Therefore, we removed 57.7% of the associated costs, or

\$6,338 from plant, \$1,483 from reserve, and \$133 from depreciation expense.

(11) Account 375 - New Additions - 1996: This amount includes roof repairs at the #933 Building, hurricane shutters at the #933, #955, and #1001 buildings, and fencing at the Vero Beach and Ocean Spray Gate Stations. City Gas did not allocate any of the costs of these new additions to non-utility operations. We believe that a portion of the roof repair and hurricane shutters costs should be allocated to non-utility operations based upon the square footage usage of each building. The roof repair costs should be allocated based upon the 23.62% Building #933 factor described in (3) above and a portion of the costs for the hurricane shutters should be allocated to non-utility based upon a composite factor for Buildings #955, #933, and #1001. As described in (2), (3), and (4) above, the three buildings' allocations differ from those included by City Gas in its Common Plant Allocation Study. We calculated the composite Hialeah buildings non-regulated factor to be 25.78%. Using these factors, we reduced plant by \$14,520, reserve by \$216, and expenses by \$336.

(12) Account 389 - Rockledge Office (Land): This amount is for the land that houses the Rockledge Office. A portion of the cost of the land should be removed in the same percentage ratio as the office floor space which is described in detail in (9) above. Therefore, we removed 28.2%, or an additional \$8,045, of the total cost of the land as non-utility.

(13) Account 390 - Rockledge Office (Improvements): The Company was unable to identify any specific portion of the Rockledge Office improvements. Therefore, the improvements should be considered as general improvements. Because the improvements are general in nature, they should be allocated to non-utility based upon the 28.2% factor described in (9) above. Therefore, we removed an additional \$27,339 in plant, \$9,868 in reserve, and \$519 in expenses.

(14) Account 390 - Titusville Gate (Improvements): The dollars shown in this account represent fencing and street improvements for both the natural gas gate station and the propane storage facility. For reasons similar to those discussed in (10) above, we removed 57.7% of the associated costs, or \$4,374 in plant, \$1,834 in reserve, and \$83 in depreciation expense as non-utility.

(15) Account 390 - New Additions - 1996: This item includes an amount for roof repairs at the Rockledge Office, hurricane shutters at the #933, #955, and #1001 buildings, a Stand-by Power

System for the #933, #955, and #1001 buildings, and for exterior painting, renovation and a company sign for the #933, #955, and #1001 buildings. In its MFRs, City Gas did not allocate any portion of the costs of these new additions to non-utility operations. A portion of each of the expenditures should be allocated to non-utility operations. The Rockledge Office roof repair costs should be allocated based upon the 28.2% factor developed in (9) above. For the hurricane shutters and the stand-by power system, the costs should be allocated based upon the 25.78% combined percentage developed in (11) above. For the exterior painting, renovation, and company sign, the costs should be allocated based upon the 25.35% Hialeah General Office allocation factor shown in (5) above. Finally, the Company incorrectly included \$10,000 in account 398-Miscellaneous Equipment which should have been included in this account. The amount was for improvements to the new Vero Beach office and should not be allocated to non-regulated operations. Based upon the above changes, we determined that 23.86% of the total cost of the 1996 new additions should be allocated to non-regulated operations. Thus, we reduced plant by \$29,109, reserve by \$489, and expenses by \$673.

(16) Account 390 - New Additions - 1997: This amount includes an amount for the upgrade/renovation of the office and sales department at the Rockledge Office, and leasehold improvements at the Port St. Lucie office. Using the 28.2% Rockledge Office factor discussed in (9) above, we removed \$5,117 from plant, \$283 from reserve, and \$73 from expense.

(17) Account 391 - Office Furniture & Equipment: This amount includes office furniture and equipment located at the #955, #933, and #1001 buildings in Hialeah, the Rockledge Office, and the Medley Meter Shop. The plant amount should be increased by \$115,104 for an amount that was incorrectly recorded in account 398-Miscellaneous Equipment. The non-utility factor for this account is obtained from a weighted average factor for each of the five buildings. Based upon the factor changes described in (2), (3), (4) and (9) above, this factor needs to be modified. We calculated the new factor to be 23.11%. Applying this new factor, we removed \$121,791 in additional plant, \$53,736 in additional reserve, and \$13,297 in additional depreciation expense.

(18) Account 303 - Miscellaneous Intangible Plant: This account includes common use assets that were not allocated to non-regulated operations. Specifically, this amortization account includes the cost of the left-turn lane the Company recently had the City of Hialeah install in front of its Hialeah Buildings #933 and #955. We believe that the plant, amortization reserve, and

amortization expense associated with the left-turn lane should be allocated to non-regulated operations based upon the operations performed in Buildings #933 and #955. Activities performed in both buildings include City Gas utility, non-utility, and other NUI-Southern activities. Because the left-turn lane serves both buildings, the non-regulated allocation factor for the account should be the same as the factor used for the Hialeah General Office land allocation in (5) above. Therefore, we reduced plant by \$6,407, amortization reserve by \$2,619 and amortization expense by \$256.

(19) Account 398 - Miscellaneous Equipment: The amount shown for this account for 1997 in the MFRs inappropriately includes \$256,403 for assets that should properly be classified in other accounts. This account should include common use assets that were only partially allocated to non-regulated operations. Specifically, the amounts correctly recorded in this account are for breathalyzer machines, ice machines, microwaves, lounge equipment, refrigerators, and other miscellaneous equipment used at all City Gas and NUI-Southern offices. In its MFRs, the Company allocated 10.13%, or \$1,850, of the depreciation expense only to non-regulated operations. Because of the shared nature of many of these assets, we find that the plant, reserve and expense costs associated with the assets in the account, excluding the breathalyzer machines and the incorrectly recorded amounts, should be allocated to non-regulated operations based upon the 23.11% Office Furniture & Equipment factor described in (17) above. Therefore, we reduced plant by \$4,665; reserve by \$3,202 and depreciation expense by \$1,479.

(20) Account 395 - Laboratory Equipment: The Company incorrectly allocated \$9,414 of the account to non-utility. These assets are utility in nature and their costs should not be allocated to non-utility operations. Therefore, we increased rate base by \$9,414 to correct this error.

G. We made an adjustment to include the Miller Gas negative acquisition adjustment in rate base. In City Gas' last rate case, we included the negative acquisition adjustment in rate base. In the current case, the Company excluded the acquisition adjustment from rate base and expenses. The Company has not shown extraordinary circumstances to justify a departure from our determination in the last rate case. Thus, we decreased Plant by \$221,067; Accumulated Amortization by \$36,365 and expenses by \$7,368.

H. We find that Construction Work in Progress (CWIP) should be decreased by \$78,968 to reflect several projects which have been cancelled, were started later in 1996 than anticipated, or have been postponed until 1997 and the reduction to CWIP associated with the Huntington Development which was previously discussed.

I. We reduced the Accumulated Amortization Accounts by \$25,033 to correct for an error made by the Company in calculating its adjustment to remove the accumulated amortization for various LP acquisition adjustments, Franchise and Consents, and Miscellaneous Intangible Plant.

J. We find that the appropriate amount of Customer Advances for Construction for the projected test year is \$14,000. When the MFR's were prepared, the Company did not project any Customer Advances for construction. The Company has since determined that it will receive \$14,000 in advances for a construction project. Therefore, we have reduced rate base by \$14,000.

K. We find that the appropriate projected test year Depreciation Reserve is \$50,075,063. This calculation is based upon the adjustments discussed previously.

L. We made an adjustment to reduce Accounts Receivable Gas by \$62,456. The average ratio of Accounts Receivable to Revenues for the last five years is 8.13%. Applying this percentage to 1997 revenues yields \$6,425,638, which is \$62,456 less than the amount the Company included in its filing for Accounts Receivable.

M. We removed an additional \$49,237 from non-utility Working Capital. In its filing, the Company allocated \$18,871 for Materials and Supplies (M&S) and \$116,668 for the other working capital accounts. We make no adjustment for M&S, as an adjustment would further reduce the already low M&S amount. We believe, however, that the payroll factor allocation used by City Gas may not be appropriate. The Company needs to review the actual M&S on hand annually to determine the appropriate non-regulated M&S.

With respect to the other working capital accounts, we made an adjustment to allocate an additional \$49,237 to non-utility operations. This adjustment is based upon using the 16.14% 3-Factor method. For reasons discussed previously, we believe that this method is the most appropriate because it considers payroll, plant, and the number of customers so that a ratio can be developed comparing the size of each type of operation, both regulated and non-regulated, to the whole, in order to more accurately determine the magnitude of the regulated activity to the total City Gas operations.

N. We made an adjustment to include the conservation overrecovery in Working Capital. The Company removed \$7,929 from Working Capital for conservation-related overrecoveries for the projected test year. Overrecoveries from ratepayers are liabilities and must be returned to the ratepayers with interest. As a liability, overrecoveries will reduce rate base if included in working capital.

Since the Company earns a return on rate base, the exclusion of an overrecovery means rate base is higher by the excluded amount which rightfully belongs to the ratepayers. This means the ratepayers pay to the Company in the form of higher rates, money which is then returned to them as interest, which is the penalty the Company incurs for the overrecovery. Thus, we find that \$7,929 in conservation-related overrecoveries should be included in working capital as a liability. This inclusion reduces working capital, and rate base, by \$7,929.

O. We find that an additional adjustment to Interest Receivable is not required. The adjusted balance of Interest Receivable in the working capital allowance should be zero. The Company's MFR adjustment to remove the Interest Accrued from its working capital allowance should be accepted because the amount of Interest Accrued on City Gas' books bears no relationship to its allocated capital structure. Further, the Interest Receivable on City Gas' books is related to the industrial revenue bonds and is interest-bearing. Because the interest receivable is interest-bearing, it should be excluded. It is our practice to exclude from a utility's working capital allowance the cash, temporary investments, and other current assets which are interest-bearing unless the related interest income is recorded above-the-line. The related interest income is not included above-the-line. Consequently, the related working capital allowance account was properly excluded.

We believe, however, that working capital should include some amount of Interest Accrued, an amount that does bear a relationship to capital structure. The Company suggested a method that recognizes a proportionate amount of the actual Interest Accrued balance on NUI's consolidated balance sheet, based on the ratio of City Gas' debt to the NUI consolidated debt. This approach yields an imputed Interest Accrued of \$802,528. We find that the method suggested by the Company is a fair representation of the amount of Interest Accrued attributable to City Gas' debt. For this reason, we increased Interest Accrued by \$802,528.

P. We reduced Other Work in Progress (OWIP) by \$22,151. The Other Work in Progress account contains \$26,414 in costs related to the Computerized Information System conversion completed in the first quarter of the 1996 fiscal year. These costs should have been expensed. Therefore, these expenses should be removed from the OWIP account. This adjustment reduces working capital by \$26,414. The non-regulated portion of \$4,263 has already been removed in a prior adjustment. Therefore, we made a further reduction of \$22,151.

Q. We made an adjustment to increase Other Receivables by \$9,287. The Company made an adjustment to remove all employee receivables from working capital. Included in this adjustment were advances for employee travel which were classified as employee receivables. Employee travel advances is a legitimate Company expense. Therefore, working capital should be increased by \$11,074 total company of which \$9,287 is regulated.

R. We made an adjustment to Taxes Accrued. This adjustment is required due to the impact on Taxes Other relating to our Plant and Net Operating Income adjustments. As discussed below in the NOI adjustments, Taxes Other should be decreased by \$146,106. In general, Taxes Other that have been adjusted are accrued monthly and paid annually. For this reason, the corresponding adjustment to accrued taxes, if calculated by using the simple average of its adjustment to Taxes Other, is fairly representative of the amount by which Taxes Accrued should be decreased. The simple average of the \$146,106 is \$73,053. Thus, we decreased Taxes Accrued by \$73,053. The effect of this adjustment is an increase in working capital.

S. We find that the appropriate projected test year Working Capital Allowance is \$5,205,972 as shown on Attachment 1A. This amount was calculated based upon the preceding adjustments.

IV. CAPITAL STRUCTURE, COST OF CAPITAL AND RELATED ISSUES

Fair Rate of Return

The Commission must establish the fair rate of return which the Company will be authorized to earn on its investment in rate base. The allowed rate of return should be established so as to maintain the Company's financial integrity and enable it to attract capital at reasonable costs.

The ultimate goal of providing a fair return is to allow an appropriate return on the equity-financed portion of the investment in rate base. However, because as a general rule, sources of capital cannot be associated with specific utility property, the Commission has traditionally considered all sources of capital (with appropriate adjustments) in establishing a fair rate of return.

The establishment of a utility's capital structure serves to identify the sources of capital employed by the utility, together with the amounts and cost rates associated with each. After identifying the sources of capital, the weighted average cost of capital is determined by multiplying the relative percentages of the capital structure components by their associated cost rates and summing the weighted average costs. The net utility rate base multiplied by the weighted average cost of capital produces an appropriate return on the rate base. These issues are discussed below.

Adjustments to Capital

The Company made two adjustments to Accumulated Deferred Taxes to remove the deferred taxes related to leased appliances (\$4,393,721) and the NUI acquisition adjustment (\$7,932,704) which have been removed from rate base, for a total reduction of \$12,326,425. We made an adjustment to increase the Capital Structure deferred taxes by \$1,238,284. The net of the Company's adjustment of \$12,326,425 and our adjustment of \$1,238,284, or \$11,088,141 is reflected on Attachment 2. Our adjustment is discussed below.

In its MFRs, City Gas accounts for its Debit Deferred Income Taxes in Miscellaneous Deferred Debits and its Regulatory Tax Liability as a Regulatory Liability in Other Deferred Credits. Both the Miscellaneous Deferred Debits and the Other Deferred Credits are accounted for in Average Per Books Working Capital. To the Average Per Books Working Capital, the Company makes adjustments for Non-Utility, Capital Structure and Other. The Company correctly classified the adjustment for Debit Deferred Income Taxes as a Capital Structure Adjustment and netted it against the Credit Deferred Income Taxes in Capital Structure. In addition, the Company made the correct adjustment to the Average Per Books Working Capital to remove the Regulatory Tax Liability. However, in error, the Company neglected to carry that Regulatory Tax Liability to its Capital Structure.

Regulatory Liabilities includes \$1,238,284 of SFAS 109 Deferred Tax Liabilities. The Company included this amount in its working capital allowance and then adjusted it out. It was not included in deferred income taxes or the capital structure. Therefore, the Company's presentation of SFAS 109 in its MFRs is not revenue neutral. To reflect the revenue neutral requirements of Rule 25-14.013, Florida Administrative Code, Accounting for Deferred Income Taxes Under SFAS 109, we have made an adjustment to the capital structure by increasing accumulated deferred income taxes by \$1,238,284, which is the 1997 average amount of SFAS 109 deferred tax liabilities.

Nonutility Items and Capital Structure

We find that the appropriate capital structure for City Gas should be based on NUI's capital structure for investor sources. Amounts for customer deposits, deferred taxes, and investment tax credits should be specifically identified at the City Gas level.

In City Gas' last rate case, the Company agreed to use NUI's capital structure for the ratios of investors' sources of capital. NUI Corporation is the source of investor capital for City Gas. The Company does not raise capital on its own. Therefore, the Company filed a divisional capital structure using the ratios of investor sources of capital adjusted to reflect NUI's capital structure. NUI's capital structure was projected for the projected test year by including debt and common stock issues subsequent to the base year and allowing for the amortization of existing debt.

NUI's non-utility investment, including leased appliances, was removed from NUI's common equity. The resulting NUI equity ratio was 41.53%. The Company adjusted its divisional capital structure to match this equity ratio. We further adjusted non-utility investment so that the net amount of leased appliances was removed from NUI's common equity. Non-utility working capital, non-utility common plant, and non-utility deferred taxes, which had been included by the Company, were excluded from this adjustment. Also, we reduced NUI's debt by the amount of unamortized issuance expense. With these adjustments, the equity ratio is 41.72% as a percent of investor sources.

Customer deposits, deferred taxes, and investment tax credits associated with the Company should be specifically identified in the capital structure. Typically, customer deposits are reconciled to rate base with a pro rata adjustment. However, in this case, since NUI's capital structure is being used and NUI does not have

a separate amount for customer deposits, the Company has specifically identified customer deposits in Florida.

Therefore, since NUI is the source of funds for the Company, we recognize NUI's capital structure to determine the relative ratios of investors sources of capital. In addition, we use the City Gas-specific balances of customer deposits, deferred taxes, and investment tax credits to determine the appropriate balances of these sources of capital.

Cost of Common Equity and Capital

In deciding the appropriate cost rate for common equity, we used various financial models which indicate a range from 10.14% to 11.32%. This range is similar to the range indicated by the prospective Discounted Cash Flow model and Capital Asset Pricing Model advocated by the Company. The range for these models was from 10.21% to 11.42%. We believe that 11.30%, the top of the range for the Commission models, is the appropriate cost rate. Setting the cost rate for common equity at the top of the range allows for City Gas' financial risk due to its comparatively low equity ratio. Therefore, we approve a cost rate of common equity of 11.30%, plus or minus 100 basis points.

We find that the appropriate cost rate for long-term debt is 7.50%. Among NUI's debt issues are two issues of industrial development revenue bonds - a Brevard County issue of \$20,000,000 and a New Jersey Economic Development Authority issue of \$39,000,000. The proceeds from these issues are held by a bank acting as trustee, which releases funds to NUI for qualifying construction projects. In calculating the cost rate for long-term debt, the Company reduced the principal outstanding for total debt by the amount of funds held by the trustee. Also, since the funds held by the trustee are invested in short-term secure investments, the Company reduced interest expense by the amount of interest earned on the unreleased funds.

For the Brevard County issue, the trustee has "locked in" a 5.97% annual return through the end of August 1997. For the New Jersey issue, the trustee invests the funds to earn the daily money market rate. For the projected test year, the Company used 5% as the rate the funds for both issues would earn.

For the Brevard County issue, we used 5.97% as the rate the funds held by the trustee will earn. This rate is reasonable since it is fixed through most of the projected test year. With this

change, the cost rate for long-term debt is reduced from 7.55% to 7.50%.

Based upon the proper components, amounts, and cost rates associated with the capital structure for the test year ending September 30, 1997, we find that the appropriate weighted average cost of capital is 7.87%, as shown on Attachment 2. The calculation of the weighted average cost of capital includes the Company's adjustments of the City Gas divisional capital structure to reflect the relative ratio of investor sources of capital at the NUI level and its specific adjustments to the balances of Customer Deposits and Investment Tax Credits (ITCs). The calculation also includes our adjustment to Accumulated Deferred Income Taxes discussed above. After these specific adjustments, we made a pro rata adjustment over the investor sources of capital to reconcile rate base and capital structure.

V. NET OPERATING INCOME

After a rate base is determined, the next step is to determine the utility's Net Operating Income (NOI) for the test period. After NOI is determined, it can be related to test year rate base to develop the rate of return for the test period. The test period NOI for City Gas is \$4,907,310; as shown on Attachment 3. This amount was determined based upon the adjustments discussed below.

A. City Gas projected test year net operating revenue of \$29,927,144. As discussed previously, our adjustments to the projected test year customers and therms resulted in \$18,071 additional revenues and adjustment to the forecast of connections and reconnections yields an additional \$16,015 in revenues. Based on these adjustments, we find that the appropriate level of projected test year total Operating Revenues is \$29,961,230.

B. We made an adjustment to reduce regulated expenses \$56,995 for out of period and non-recurring expenses. This adjustment relates to the following:

(1) Out of Period Postage: A charge was made to Account 903, Customer Records and Collection Expenses, in December 1995 to correct for a September 1995 postage error of \$15,963. This amount was included in the six month cost that the Company annualized to arrive at the forecasted September 1996 year and trended to the 1997 test year using an inflation and customer growth rate. Therefore, total expenses should be reduced \$33,887, or regulated expenses \$33,399 after applying the appropriate non-regulated allocation factor.

(2) Telephone Costs: The Company included \$5,419 in Account 921, Office Supplies and Expenses, for the 1997 forecasted test year. This represents a bill received from Bell South for phone service related to the establishment of Megalink Service at the Miami office amounting to \$2,631. This amount was then annualized to \$5,261 and then trended for inflation of 3% to equal \$5,419. After applying the non-regulated allocation factor, expenses should be reduced \$4,544.

(3) Out of Period Legal Fees: The Company included \$6,082 in 1996 for legal fees incurred in the previous year in Account 923, Outside Professional Services. These expenses were doubled and then multiplied by the general inflation factor of 3% for inclusion in the 1997 projected test year of \$12,365. Total expenses should be reduced \$12,365, or \$10,369 after applying the appropriate non-regulated allocation factor.

(4) Computer Costs: The Company wrote off to expense in 1996, \$8,300 in prepaid IBM upgrade costs that were being amortized because the system had no value. This amount was then doubled to determine the 1996 expense. The Company determined that these were one time expenses and removed \$8,300 from 1996 expenses, but failed to remove the additional amount of \$8,300. This amount was trended to \$8,810 in 1997 for inflation and growth. Since this is a non-recurring expense, we find it would be appropriate to reduce Account 903, Customer Records and Collections, total expense \$8,810, or \$8,683 in regulated expense.

C. We made an adjustment to Account 874, Mains and Services and working capital for odorizing costs. The Company purchases odorant approximately every two years and records the purchase in the Prepayment Account in working capital. In February 1995, 1,100 gallons was purchased for \$15,939. The Company estimates another purchase of 1,100 gallons will be required during 1997, therefore \$19,545 was included in working capital for that purchase. City Gas expensed \$14,776 in 1997. We believe that the expense and the working capital should be adjusted to reflect the 2 year period over which the odorant is being used. Therefore, we reduced working capital by \$4,886 total company, \$4,097 regulated, and Account 874 by \$5,003 ($\$14,776 - (\$19,545/2) = \$5,003$). Account 874 was not allocated to non-regulated, therefore no, further adjustment is required.

D. We made an adjustment to correct errors in Accounts 902, Meter Reading, and 903, Customer Records and Collections, in the trend schedule. In order to project 1997 expenses, the Company prepared a worksheet that used 6 months' 1996 actual expense, adjusted it for known changes and multiplied it by two. This

amount was inserted in the trend schedule as 1996 expense and trended to yield the 1997 expense. The Company made an error in carrying the 1996 amounts for Accounts 902 and 903 from the worksheet to the trend schedule. On the worksheet for 1996, Account 902 and 903 were \$617,440 and \$847,091, respectively, while on the trend schedule for 1996, Account 902 was \$627,440 and Account 903 was \$862,091. When these amounts were trended to 1997, they were overstated by \$10,350 and \$15,525, respectively. Therefore, we reduced expenses by \$25,875 total company, or \$25,651 regulated.

E. We made an adjustment to Account 912, Demonstrating and Selling Expenses, to correct an error in trending. The Company included \$180,600 in conservation salaries in the 1996 expense. That amount, trended to 1997 is \$186,921 ($180,600 \times 1.035$). When the Company removed the conservation salaries, they did not remove the amount associated with the trending. Therefore, we reduced Account 912 by \$6,321 to remove the trended amount.

F. We made an adjustment to reduce Account 913, Advertising by \$15,521 to remove the costs associated with advertising expenses that should not be recovered through base rates. These costs are recoverable through conservation programs, are related to community affairs activities, or are not for regulated activities. Attachment 8 shows our calculation of this amount.

G. We made an adjustment to Account 921, Office Supplies, to remove amounts related to reorganization. The Company reorganized in 1995, and as a result, a number of employees were either transferred to New Jersey or terminated. The Company prepared a budget sheet for Account 921 which indicated that because of the transfers and terminations, the Company would reduce expenses in this account in the 1997 budget. The Company determined the adjustment by taking six months actual expenses in 1996 of \$9,325 and doubling it to \$18,650 and then trending into 1997. This amounts to \$19,210. A review of the trend schedule in the MFR's for this account shows that the Company did not make this adjustment in its filing. Removal of the nonregulated portion of \$3,100 has been made in another adjustment. Therefore, we removed the regulated portion, or \$16,110.

H. We made an adjustment to reduce the amount of expenses allocated from NUI and Elizabethtown in Account 921/923, Corporate Services, for 1997. Our adjustment totals \$61,679. The eight items comprising this total are listed below.

(1) NUI Corporate Charges: NUI Corporate uses a 3-Factor method for determining allocations from Elizabethtown and NUI Corporate to its subsidiaries, including City Gas. The 3-Factor method is comprised of payroll, gross plant and customers. These factors were applied to projected 1996 and projected 1997 NUI and Southern Division expenses to determine the City Gas portion. The amounts used to calculate the factors were 13-month averages for March 1994 through March 1995. The Company recalculated the 3-Factor method using preliminary 1997 budget amounts for payroll and customers, and actual plant balances at June 30, 1996. In this recalculation, the Company noted that the unregulated City Gas plant used in the calculation for the rate case was net of depreciation. The recalculation includes gross unregulated City Gas plant. This along with the downsizing changed the factors. The projected NUI-Corporate expenses to be allocated to City Gas for 1997 were \$3,070,813, per Schedule G-2 of the MFRs. The revised amount using the updated factors is \$3,034,238. Therefore, we reduced operating expenses by \$36,575 to reflect the factor change.

(2) Charitable Contributions Allocated From NUI: NUI Corporate allocated \$2,929 in charitable contributions to City Gas in 1996 with the projected amount for 1997 being the same. Recovery for charitable contributions has historically been disallowed by the Commission. These types of costs should not be borne by the City Gas ratepayers. Therefore, we removed this allocation from expenses.

(3) Miscellaneous Items Allocated From NUI: In 1996, NUI Corporate allocated \$4,288 for Christmas decorations, tickets to sporting events, dues to a country club, and for payment to a medical center for sponsorship of a golf tournament. The same amount is projected for 1997. These types of expenses are social in nature or are image building in nature and should not be recovered from the ratepayers of Florida. Therefore, we removed this allocation from expenses.

(4) Start-Up Costs for SCADA Allocated From NUI: In determining 1996 projected costs for Account 877, Measuring and Regulating Station Expenses for City Gas, the Company removed SCADA costs related to start-up as non-recurring. The SCADA charges were from BellSouth for service performed related to the start-up of the system. In allocations from NUI in 1996, \$6,267 was allocated to City Gas for an invoice from Teledyne Brown for services performed for start-up of the SCADA System. The same amount is projected for 1997. Because the Company removed the charges from BellSouth as non-recurring, all invoices associated with the SCADA system start-

up should be removed for ratemaking purposes also. Therefore, we removed \$6,267 from operating expenses.

(5) Compressed Natural Gas Expenses Allocated From NUI: The allocations to City Gas from NUI Corporate included charges for maintenance of filling and compression equipment owned by Elizabethtown Gas and used by one of its customers for their Liquefied Natural Gas vehicles. Since these charges were directly incurred by Elizabethtown for its customer's use, the costs should not be borne by the ratepayers of Florida. Therefore, we removed \$809, the entire amount allocated to City Gas.

(6) Automobile Leases Allocated From NUI: For the first six months of 1996, NUI incurred \$33,942 in automobile lease expenses for six of its executives. A seventh vehicle, a van, was allocated from NUI. This van is used for office deliveries and services by the Office Clerk, therefore, it should not be included in this analysis of executive automobile lease allocations. The monthly lease payments and types of automobiles for the six executives range from a 1995 Dodge Intrepid costing \$359.27 per month, to a 1993 Acura Legend costing \$888 per month. For the second six months of 1996, the Company projects the expense to be \$42,000, for a total projected 1996 expense of \$75,942. In addition, the \$42,000 for the second six months, reflects the Company's increase in the monthly payment projection to \$1,000 per vehicle. The same \$75,942 amount is projected to be incurred in 1997. It is projected that \$12,919 of this amount will subsequently be allocated to City Gas for 1997. Although the average yearly price per executive car allocated to City Gas is projected to be \$2,126 for 1996 and 1997, we do not believe that ratepayers should pay for higher grade of cars for all executives. We believe it is reasonable to give executives who are of the same or similar rank the same type of car or cars with equal costs to the Company. In accordance with this philosophy, we removed \$4,872 from operating expenses for excess automobile lease expenses.

(7) Elizabethtown Gas Charges Allocated From NUI: Charges for envelopes and safety brochures that directly relate to Elizabethtown operations were allocated to City Gas in 1996. These amounts were not removed for projection purposes; therefore, the charges are included in the Company's estimate of 1997 expenses. These amounts should not be recovered from the ratepayers of Florida because they are directly related to the operations of Elizabethtown Gas. Therefore, we reduced operating expenses by \$3,032.

(8) Position Vacancies Allocated From NUI: For 1997, NUI allocated \$11,628 of the estimated cost of a Data Base Administrator position that NUI expected to fill for 1996 and 1997. The Company expects it to be filled by January 1, 1997. We removed \$2,907 of the expense allocated to City Gas. This represents the costs for three months, since the Company will, at most, incur only nine months of expense for 1997.

I. We reduced the amount of expense allocated from the NUI-Southern Division General Office. The first adjustment is for an employee's salary which was recorded twice, once in the Regulatory Affairs area and once in the Division of Administration area. The employee's salary correctly belongs in Regulatory Affairs, therefore, we reduced operating expense by \$35,158.

We made an adjustment to the general Southern Division expenses that were allocated to City Gas. The amount allocated in the Company's MFRs was \$1,083,336. That amount is based upon the old 3-Factor allocations. We recalculated the amount to be allocated based upon the new 3-Factor allocations and determined that the new amount should be \$1,038,047. Therefore, we removed an additional \$45,289 in Southern Division General Office expenses.

J. We made an adjustment to Account 923, Outside Professional Services, to correct the amortization of legal fees. The law firm of Morris and Reynolds monitors and handles claims for the Company's self-insurance program. The Company uses a monthly amortization rate for the yearly fees this firm charges. The Company used the wrong amortization rate for expenses for the period October 1995-March 1996. This period was doubled and then trended by the general inflation rate to arrive at 1997 expenses. The difference between what the Company amortized and the proper amount was \$1,716 too high. Doubling these fees, we arrive at the yearly figure of \$3,432, which with trending for inflation at 3% equals \$3,535. Thus, we reduced Account 923 by \$3,535.

K. We further adjusted Account 923, Outside Professional Services, to remove charges related to the Employee Stock Ownership Plan (ESOP) trust consultant. Account 923 contains \$20,000 in expenses for the six-month period of October 1995 through March 1996 for actuarial services relating to the Company's ESOP. This amount was annualized to \$40,000 and trended at 3% for 1997. The projected 1997 expense is \$41,200. The ESOP was terminated prior to the beginning of the projected test year, but the final dissolution of the trust has been held up by litigation relating to the proper amount of payouts. The disclosure indicates that this litigation may continue through the projected test year. The Company has indicated that, until the matter is resolved by the

courts, certain pension expenses will continue. We believe the expenses related to the ESOP should be continued. The consultant is under contract, therefore, the expenses should not be trended. Thus, we reduced Account 923 by \$1,200 to remove the effects of trending into the projected test year.

L. We also adjusted Account 923 by \$72,419 to remove legal fees. Legal fees in Account 923 have increased from \$93,313 in fiscal year 1993 to \$207,537 in fiscal 1996. The legal expenses in this account for 1996 do not relate to the present rate case. Since 1993, the Company has grown larger, with a resulting larger legal need. We do not believe that legal fees are an expense that is "trendable" from one year to the next. The proper approach is to calculate a reasonable level of legal expenses for the projected test year. The expenses for 1993 are far lower than 1996. In that year the Company was smaller and under different ownership. We believe that the period of 1994-1996 is representative of legal expenses for the projected test year. The average for these years is \$153,758, without reducing the yearly expenses for any nonrecurring items.

We believe that there will probably be items which could be considered nonrecurring every year. To exclude such nonrecurring items would tend to understate expenses. For that reason, our calculation of the multi-year average includes all non-rate case legal fees that the Company incurred. The Company should be allowed the 1994-1996 average of \$153,758 for legal fees in Account 923. Since the Company requested \$226,177, we reduced Account 923 by \$72,419.

M. We made an adjustment to Account 925, Injuries and Damages, to correct an overestimate of insurance premiums. The Company's 1996 estimate of insurance expense includes a payment to Aegis Insurance Services for \$708,955 for excess liability coverage. The amount actually paid was \$700,946, a difference of \$8,009 or \$8,249 for 1997 after trending for inflation. Therefore, it would be appropriate to reduce 1997 total expenses \$8,249, or regulated expenses \$6,918.

N. We made adjustments to decrease Account 926, Employee Pensions and Benefits by \$128,630. This adjustment is comprised of the following:

(1) Based on the Company's MFRs and its method of calculating the benefits factor, the Company's contra-expense should have been \$188,700 instead of the \$99,706. Further, the A&G allocation of \$135,077 should not have been made. Our correction of the A&G allocation is addressed in a subsequent adjustment. The \$188,700

should have been the amount of the contra-expense instead of the \$99,706. Therefore, to correct the MFR error, we increased the contra-expense adjustment, or reduced the net Account 926, by \$88,994.

(2) The Company neglected to remove through application of the payroll tax/benefits factor, the non-regulated payroll taxes related to the non-regulated payroll in certain accounts. The Company did make the non-regulated payroll adjustments; it did not make the related payroll/benefit adjustments. Based on the MFR payroll dollars in each account and the revised allocation factors, we increased the contra-expense adjustment. This results in a reduction to the net Account 926, of \$26,943.

(3) In our other adjustments, we have decreased payroll by a total of \$70,037. A specific payroll tax/benefit adjustment of \$3,914 and application of the payroll tax/benefit factor of 25.17% to the balance of the payroll dollars results in a further increase to the contra-expense account, or a reduction to the net Account 926, of \$12,693.

O. We made an adjustment to reduce Account 926, Employee Benefits, by \$2,665 for training programs. Since the Company has placed a higher degree of importance on training than in the past, and these expenses are expected to continue for the indefinite future, we believe that the allowable expenses for 1997 should be set at the 1996 actual expenditure level of \$64,989, instead of using a multi-year average.

P. We find that the appropriate amount of rate case expense for this case is \$209,983. This is the amount projected by the Company, assuming that a hearing is not requested. We also find that the total amount of rate case expense to be amortized is \$377,041, which includes \$161,667 from the prior case and \$5,391 of expense from Account 923 which should have been classified as rate case expense. This should be amortized over three years at \$125,680 per year. Accordingly, we reduced rate case by \$46,809. In addition, we reduced Account 923 by \$5,391 to reflect the correction of an error.

Q. We reduced Account 930, Miscellaneous General Expense, by \$5,181 to remove expenses for tickets to Florida Marlins baseball games since this expense does not benefit ratepayers.

R. We increased Account 930.2, Miscellaneous General Expenses, by \$28,568 for a portion of American Gas Association dues which we believe will be used for lobbying and promotional advertising.

S. We find that the procedures used to terminate the City Gas Company Employee Stock Ownership Plan (ESOP) are appropriate, therefore, no adjustment is required. City Gas established its ESOP in 1985. The ESOP was intended as a stock bonus plan and typically enhanced its employee compensation package by about 15 percent. In 1987, the ESOP borrowed funds to purchase City Gas common stock from City Gas. The loan was secured by a guarantee from Essel Corporation, a subsidiary of City Gas. In 1988, when City Gas merged into Elizabethtown Gas Company, the shares of City Gas common stock were exchanged for shares of National Utility Investors (NUI), including those shares held by the ESOP.

In 1993, Elizabethtown merged into NUI. According to the Company, as a result of the reorganization following the merger of Elizabethtown into NUI, NUI began considering how best to bring the benefit plans of City Gas into conformity with the rest of the organization.

On March 30, 1995, the Company announced that it would no longer be adding contributions to the ESOP, constituting the "termination" of the plan. Because no contributions to the ESOP were added after March, 1995, no ESOP costs are included in either the 1996 fiscal year or the projected 1997 test year. Nonetheless, we examined the ESOP and its termination. Our examination was limited to numerous inquiries of the Company, review of the Company's responses to interrogatories and review of copies of correspondence that document the history of the plan and its termination. The examination disclosed that Company has participated in a continuous discourse with the ESOP Participants, keeping them abreast of the progress of various Internal Revenue Service proceedings, the status of the private letter ruling request, and the status of pending litigation. Further, during the period May 30, 1995 to date, correspondence substantiates that City Gas held numerous employee meetings, brought in investment advisors to meet with its employees. In general, the Company has kept the ESOP Participants informed of the status of the termination and distribution process.

The projected test year has been prepared on the basis that the ESOP loan has been paid off and removed from the Company's books along with any unearned employee compensation, as if the allocations were complete. Accordingly, with respect to the ESOP, the projected test year is prepared in accordance with GAAP.

Based on the above, we believe that the Company has been working diligently toward dissolving the ESOP and that the ESOP is being terminated appropriately.

T. We made an adjustment to reduce operating expenses by \$59,399 for amounts associated with non-utility operations for the items shown below.

(1) Non-Utility A&G Expenses: In its MFRs, City Gas allocated \$406,487, or 11.35%, of its \$3,581,386 forecasted 1997 expenses to non-utility operations. The 11.35% is a payroll distribution factor which is calculated based on the payroll directly allocated for non-utility operations. We believe that the Company should be allocating these expenses based upon the 3-Factor method which considers payroll, plant and the number of customers that are non-utility in nature. The revised 3-Factor percentage for 1997 is 16.14%. Based on that factor, the amount of expense to allocate to non-utility, is \$2,391,276 (\$3,581,386 - \$1,190,110). Using the corrected expense amount, we increased operating expenses by \$20,535.

(2) Other Non-Utility Expenses: In its calculation of the 11.35% relative percentage of payroll, the Company included the payroll for customer records and collection activities. However, in its allocation of costs to non-regulated operations, the Company did not allocate any portion of the customer accounts and collection expenses to non-regulated. The customer records and collection employees answer questions and collect receipts relating to the Company's leased appliances. Thus, a portion of the costs associated with these types of activities should be allocated to non-regulated. Account 903, which contains payroll for customer service employees and other customer service expenses, Account 901, which contains the salaries of supervisors for the customer service employees in Account 903, and Account 879, which contains the salaries of supervisors for the employees whose salaries get directly charged to non-regulated, should be allocated.

For Account 879, we decreased operating expenses an additional \$26,179 for payroll. In addition, we decreased operating expenses by \$43,235 for other non-regulated expenses.

For Accounts 901 and 903, we were unable to determine the most appropriate allocation factor. Nonetheless, we believe that an adjustment should be made for ratemaking purposes. Thus, we calculated an amount to remove as non-regulated which is based upon the percentage of non-regulated labor and overtime charged directly below-the-line for Customer Service personnel. Per the Company, for the first nine months of 1996, 1.44% (\$25,918/\$1,801,604) of

the total Customer Service payroll costs were recorded directly below-the-line. Therefore, we removed \$17,056 ($\$1,184,440 \times 1.44\%$) removed from operating expenses associated with these two accounts. City Gas should develop an allocation methodology to identify and allocate the appropriate costs in these two accounts among regulated and non-regulated.

(3) Transportation Expenses: We determined that transportation expenses were not allocated to non-regulated operations for the Miami and Brevard Customer Service Field divisions. City Gas has projected the 1997 expense to be \$316,938. The Company is currently allocating a portion of the payroll expenses to non-regulated operations associated with these divisions. Based on a revised non-regulated payroll factor of 9.99%, which includes supervisory payroll, we have removed \$26,179 ($\$316,938 \times 9.99\%$), in transportation expenses.

U. We find that the following trend factors are appropriate. The factors are as follows: Payroll Wage Rate Increase (3.50 percent), General Inflation Rate (3.00 percent), Customer Growth Rate (3.44 percent), and Customer Growth plus Inflation Rate (6.54 percent). The Company used a 3.05 percent customer growth rate, as compared to the 3.44 percent we approve. The 3.44 percent factor reflects our corrections to the Company's forecast of customer bills. The Company used a 6.14 percent customer growth times inflation rate, as compared to the 6.54 percent we approve. The 6.54 percent factor was calculated using the 3.44 percent customer growth rate we approved. We have therefore increased expenses by \$4,556 for the effect of changing the trend factors. We find that the Company's application of the trend factors to the accounts is appropriate.

V. We find that the appropriate amount of projected test year O&M Expense is \$17,744,700, as shown on Attachment 3A.

W. We have increased projected test year depreciation expense by \$13,766 and accumulated depreciation by \$55,385. In its MFRs, City Gas calculated depreciation expense by using previous month balance. Our policy, however, is to calculate depreciation expense using average monthly plant balances (i.e. average month plant balance = beginning monthly balance + ending monthly balance divided by 2).

X. We find that the Company should be allowed to amortize its \$50,000 contribution for the Compressed Natural Gas (CNG) airport project over ten years. At the request of Miami International Airport, the Company contributed \$50,000 for construction of a CNG fill station at the airport. In the 1994 rate case, we disallowed

\$300,000 in expenses for a fill station at the airport that the Company planned to build. When this amount was disallowed, the Company negotiated with the airport to find an alternate means to build the fill station. After a series of negotiations with the airport authority, the Company agreed to contribute \$50,000 for construction for which the airport authority would be responsible. For the reasons discussed below, we believe the Company should be permitted to recover this contribution.

The Company has made a business decision which, if successful, will reduce the unhealthy levels of pollution at the airport. Additionally, there are federal and state incentives encouraging the use of natural gas vehicles. The Company sells natural gas to the airport authority under the NGVSS tariff rate set by the Commission. The sales price to end users, such as taxi operators and rental car shuttle operators, is determined by the airport authority. However, for the project to succeed, and the airport to justify its investment, the selling price must be no higher than the equivalent for gasoline.

Y. Based upon our preceding adjustments, we find that the appropriate amount of projected test year Depreciation and Amortization Expense is \$4,624,903.

Z. We find that no adjustments to payroll taxes are required because of the manner in which the Company records its allocation of payroll taxes. The Company currently reports gross payroll taxes in its Taxes-Other account. The payroll taxes "attached" to capitalized labor, ECP payroll and non-regulated payroll are combined with the other employee fringe benefits in Account 926, Employee Pensions and Benefits, (i.e., pension cost, group health and life insurance, training, etc.) and a combined benefit factor is developed. The combined benefit factor is then applied to the non-O&M payroll and Account 926 is credited through a contra-expense entry. The result is that if the allocation is done correctly, there is no bottom-line NOI effect. However, there is a misclassification between the payroll taxes included in Taxes-Other and Account 926, Employee Pensions and Benefits. The payroll taxes in Taxes-Other are overstated by the same amount that Account 926, Employee Pensions and Benefits, is understated. Any adjustments required for payroll taxes have been addressed in the adjustments to Account 926.

Although the Uniform System of Accounts does not explicitly prohibit this manner of presentation, we believe that Taxes-Other should reflect the gross amount and the net amount that is applicable to the operations of the current accounting cycle for the Company's jurisdictional ratepayers. The same should be true

of its accounting presentation of Account 926, Employee Pensions and Benefits.

On a prospective basis, the Company should account for its Taxes-Other such that this account appropriately reflects the amount being expensed and Account 926 should not be credited with payroll taxes.

AA. We decreased Tangible taxes by \$403, due to our adjustment to exclude the artwork from rate base.

BB. We also decreased Intangible taxes by \$120, based on our adjustment to decrease Accounts Receivable.

CC. We made an adjustment to reduce property taxes by \$102,926. This adjustment includes the following.

(1) The amount of 1997 property taxes included in its MFRs is calculated based on actual 1995 property taxes trended for plant growth and inflation. We believe that property tax increases are a function of plant growth only, rather than plant growth and inflation. For this reason, we recalculated the forecasted 1997 property taxes, excluding the inflation factor. This results in 1997 projected property taxes of \$1,356,333, as compared to the \$1,435,008 included in the Company's MFRs for 1997. Thus, we reduced property taxes by \$78,675.

(2) We also reduced property taxes by \$10,761 due to the \$1,569,059 of NUI South Plant, that was removed from the Company's projected test year.

(3) In the preceding adjustments, we reduced plant \$848,852 for delayed projects, and by \$423,801 for common plant allocations. Applying the .0106 tax factor to these plant reductions, we made a further reduction of \$13,490 to property taxes.

DD. We made an adjustment to reduce regulatory assessment fees by \$42,657. This adjustment corrects a mistake in the Company's MFRs for \$42,785 and accounts for a \$128 increase required due to our revenue adjustments.

EE. Based upon our preceding adjustments, we find that the appropriate amount of Taxes-Other is \$2,047,286. This amount was calculated based on the method used by the Company to account for non-utility, capitalized and other nonregulated/nonjurisdictional Taxes-Other.

FF. We find that the appropriate federal income tax rate is 34 percent and the appropriate income tax expense is \$637,032; including interest reconciliation. We increased the Company Adjusted Income Tax Expense of \$284,114 by \$352,918 to \$637,032. This adjustment increases income tax expense by \$280,115 for our other adjustments to revenues and expenses and by \$72,802 for the interest reconciliation adjustment.

VI. REVENUE REQUIREMENT

The appropriate projected test-year revenue expansion factor to be used in calculating the revenue deficiency is 1.6133, as shown on Attachment 4. The appropriate projected test-year revenue deficiency is \$3,752,678, as shown on Attachment 5.

VII. INTERIM INCREASE

In this docket, we granted an interim increase of \$2,151,503 by Order No. PSC-96-1113-FOF-GU, issued September 3, 1996. The Company requested the 12 months ended September 30, 1995 as the interim test-year. We find that no refund of the interim increase is required since the permanent increase for the projected test year exceeds the interim increase awarded and a portion of the projected test year will have expired before permanent rates take effect.

VIII. RATE DESIGN AND TARIFF CHANGES

Billing Determinants

We find that the appropriate forecasts for customers and their sales by revenue class and billing determinants to be used during the projected test-year are those shown in Attachment 6. Attachment 6 reflects the updates to the Company's customer and their forecasts, as well as our adjustments to properly account for the impact of normal weather.

:

Cost of Service Methodology

We find that the appropriate cost of service methodology to be used in allocating costs to the various rate classes is reflected in the cost of service study included in Attachment 6. The study

reflects the adjustments made to rate base, operating and maintenance expense, and net operating income.

Revenue Requirement Allocation

The rates and charges for City Gas resulting from the allocation of the increase among customer classes is reflected in Attachment 7.

Reproduction Charge

We approve the \$25 reproduction charge proposed by the Company. Based on Federal Energy Regulatory Commission Order 636, there has been an increase in the number of third party suppliers of natural gas to end-use customers behind the city gate. Because of this increase, the Company has had numerous requests for copies of their complete tariff book. The proposed charge covers the cost of reproduction.

Natural Gas Vehicle Sales Service Tariff

We approve the Natural Gas Vehicle Sales Service (NGVSS) rate schedule as a permanent rate schedule. This rate schedule was approved as an experimental tariff in the Company's last rate case. City Gas has increased its NGVSS to five customers, with gas usage over 90,000 therms and total revenue over \$70,000 annually. The Company forecasts further growth in the NGVSS rate class, particularly with the Miami International Airport. In addition, State and Federal policies also support the use of natural gas as an alternative fuel source for motor vehicle fuel.

Reporting requirements

We find that City Gas shall file, within 60 days after the date of the final order in this docket, a description of all entries or adjustments to its future annual reports, rate of return reports, published financial statements and books and records that will be required as a result of our findings in this rate case.

IX. OTHER MATTERS

We have identified two issues relating to the Company's contract with Medley Construction Company, Inc. and the Company's controls over the leak survey and valve inspection functions. This docket shall remain open for our review and resolution these issues and the procedures implemented by the Company to address these concerns. The Company agrees that if a rate adjustment is required, that a rate adjustment shall be effective back to the date that the rates approved herein are implemented.

Based on the foregoing, it is

ORDERED that City Gas Company of Florida's application for increased rates is hereby approved as set forth in the body of this Order. It is further

ORDERED by the Florida Public Service Commission that the findings of fact set forth herein are approved. It is further

ORDERED that all matters contained in the schedules attached hereto are incorporated herein by reference. It is further

ORDERED that City Gas Company of Florida is authorized to collect increased revenues of \$3,752,678. It is further

ORDERED that City Gas Company of Florida shall file revised tariffs reflecting the increased rates and charges approved in this Order and all other documents described herein, within 60 days from the date of this Order. It is further

ORDERED that the rate increase shall be effective on billings rendered for all meter readings taken on or after November 28, 1996. It is further

ORDERED that City Gas Company of Florida shall include in each bill in the first billing cycle for which this increase is effective, a bill stuffer explaining the nature of this increase, average level of increase, a summary of the tariff changes and reasons therefor. The bill stuffer shall be submitted to the Commission's Division of Electric and Gas for approval before implementation. It is further

ORDER NO. PSC-96-1404-FOF-GU
DOCKET NO. 960502-GU
PAGE 35

ORDERED that the provisions of this Order are issued as proposed agency action and shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that this docket shall be remain open pending review and resolution of the two issues discussed in Section IX of this Order.

By ORDER of the Florida Public Service Commission, this 20th day of November, 1996.

BLANCA S. BAYO, Director
Division of Records and Reporting

by: Kay J. J. J.
Chief, Bureau of Records

(S E A L)

VDJ

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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 11, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater 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 of the effective date 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.

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 960502-GU
COMPARATIVE AVERAGE RATE BASES
PTY 09/30/97

ATTACHMENT 1

ISSUE NO	COMPANY			COMMISSION VOTE	
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED
	PLANT IN SERVICE				
	UTILITY PLANT				
	133,117,813				
7 & 11	Reinstate original cost of Plant in Service	2,112,808		0	
	Allocable General Office Plant	1,226,473		0	
6	Artwork (399)			(35,828)	
8	Cancelled/delayed projects			(848,852)	
11	Fl. Pierce			52,811	
11	Western Energy			(716)	
11	Consolidated Gas			647,896	
	Total Plant-In-Service	<u>133,117,813</u>	<u>3,339,281</u>	<u>136,457,064</u>	<u>184,689</u>
				<u>(184,689)</u>	<u>136,272,405</u>
12	COMMON PLANT ALLOCATED	<u>0</u>	<u>(1,602,471)</u>	<u>(1,602,471)</u>	<u>(423,801)</u>
					<u>(2,026,272)</u>
	ACQUISITION ADJUSTMENT				
	29,500,785				
	NUI acquisition adjustment	(29,335,430)		0	
13	Miller acquisition adjustment	221,067		(221,067)	
11	Fl. Pierce acquisition adjustment	(34,800)		(47,822)	
11	Western Energy acquisition adjustment			47,407	
11	Consolidated Gas acquisition adjustment			203,561	
	Total Acquisition Adjustment	<u>29,500,785</u>	<u>(29,149,163)</u>	<u>351,622</u>	<u>(17,891)</u>
					<u>333,731</u>
	PLANT HELD FOR FUTURE USE				
	2,112,808				
7 & 11	Reinstate original cost of plant	(2,112,808)		0	0
	Total Plant Held For Future Use	<u>2,112,808</u>	<u>(2,112,808)</u>	<u>0</u>	<u>0</u>
	CONSTRUCTION WORK IN PROGRESS				
	2,255,833				
10	Huntington Development			(164,986)	
14	Cancelled/delayed projects			86,018	
	Total Construction Work In Progress	<u>2,255,833</u>	<u>0</u>	<u>2,255,833</u>	<u>(78,968)</u>
					<u>2,176,865</u>
	TOTAL PLANT				
	<u>166,987,239</u>	<u>(29,525,161)</u>	<u>137,462,078</u>	<u>(705,349)</u>	<u>136,756,729</u>
	DEDUCTIONS				
	ACCUM DEPR. - PLANT IN SERVICE				
	48,674,157				
	Allocable General Office Plant	418,427		0	
8	Cancelled/delayed projects			(1,897)	
11	Fl. Pierce			9,206	
11	Western Energy			58,836	
11	Consolidated Gas			989,181	
56	Calculation using average monthly balance			55,385	
	Total Accum. Depr. - Plant In Service	<u>48,674,157</u>	<u>418,427</u>	<u>49,092,584</u>	<u>1,110,711</u>
					<u>50,203,295</u>
12	ACCUM DEPR. - COMMON PLANT	<u>0</u>	<u>(453,385)</u>	<u>(453,385)</u>	<u>(149,033)</u>
					<u>(602,418)</u>
	ACCUM. DEPR. - ACQUISITION ADJ.				
	8,682,673				
	NUI acquisition adjustment	(8,254,620)		0	
13	Miller acquisition adjustment	36,365		(36,365)	
11	Fl. Pierce acquisition adjustment	(2,256)		(3,067)	
11	Western Energy acquisition adjustment			5,186	
11	Consolidated Gas acquisition adjustment			33,932	
16	Various LP acquisition adjustment			(25,033)	
	Total Accum. Depr. - Acquisition Adj.	<u>8,682,673</u>	<u>(8,220,511)</u>	<u>462,162</u>	<u>(25,367)</u>
					<u>436,795</u>
17	CUSTOMER ADVANCES FOR CONSTR.	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,000</u>
					<u>14,000</u>
	TOTAL DEDUCTIONS				
	<u>57,356,830</u>	<u>(8,255,469)</u>	<u>49,101,361</u>	<u>950,311</u>	<u>50,051,672</u>
	NET UTILITY PLANT				
	<u>109,630,409</u>	<u>(21,269,692)</u>	<u>88,360,717</u>	<u>(1,655,680)</u>	<u>86,705,057</u>
	WORKING CAPITAL ALLOWANCE				
	<u>(14,953,476)</u>	<u>21,025,506</u>	<u>6,072,030</u>	<u>(866,058)</u>	<u>5,205,972</u>
	TOTAL RATE BASE				
	<u>94,676,933</u>	<u>(244,186)</u>	<u>94,432,747</u>	<u>(2,521,718)</u>	<u>91,911,029</u>

CITY GAS COMPANY
DOCKET NO. 960502-GU
COMPARATIVE WORKING CAPITAL COMPONENTS
PTY 09/30/97

ATTACHMENT 1A

ISSUE NO.	COMPANY AS FILED			COMMISSION VOTE		
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED	
	WORKING CAPITAL	(14,953,476)				
	Nonutility property	(23,922,746)		0		
	Accum. Deprec - nonutility property	11,222,165		0		
	Other Special Funds	(12,124)		0		
19	Customer Accts Receivable - gas	(85,586)		(62,456)		
24	Other Receivables	(104,447)		9,287		
	Accum. Prov. Uncollectible Accts.	17,571		0		
	Receivables - Assoc. Companies	(1,135,966)		0		
	Merchandise	(142,027)		0		
	Interest Receivable	(1,918,630)		0		
	Unamortized debt expense	(1,185,910)		0		
	Unamortized rate case expense	(477,054)		0		
	Misc. Deferred Debits	(3,382,855)		0		
	Notes Payable	10,324,272		0		
	Accts Payable to Assoc. Cos.	172,987		0		
	Customer Deposits	5,483,576		0		
22	Interest Accrued	1,281,253		(802,528)		
20	Allocation to nonregulated	(135,539)		(49,237)		
	Capital Leases - Current	16,342		0		
	Deferred Credits	25,010,224		0		
21	Conservation overrecovery			(7,929)		
23	Other Work in Progress			(22,151)		
25	Taxes Accrued			73,053		
35	Prepaid odorizing costs			(4,097)		
	TOTALS	<u>(14,953,476)</u>	<u>21,025,506</u>	<u>6,072,030</u>	<u>(866,058)</u>	<u>5,205,972</u>

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 960502-GU
PROJECTED TEST YEAR ENDING SEPTEMBER 30, 1997

ATTACHMENT 2

ORDER NO. PSC-96-1404-FOF-GU
DOCKET NO. 960502-GU
PAGE 39

	PER BOOKS	CONSOLIDATED CAPITAL STRUCTURE	COMMISSION ADJUSTMENTS			WEIGHT	COST RATE	WEIGHTED COST
			SPECIFIC	PRO RATA	ADJUSTED			
COMMON EQUITY	46,035,027	(2,227,139)	0	(11,604,370)	32,203,518	35.04%	11.30%	3.96%
PREFERRED STOCK	0		0	0	0	0.00%	0.00%	0.00%
LONG TERM DEBT	48,641,906	2,620,296	0	(13,578,960)	37,683,242	41.00%	7.50%	3.07%
SHORT TERM DEBT	10,324,272	(393,157)	0	(2,630,675)	7,300,439	7.94%	6.00%	0.48%
CUSTOMER DEPOSITS	5,483,576		0		5,483,576	5.97%	6.00%	0.36%
TAX CREDITS-ZERO COST	1,355,336		(5,262)		1,350,074	1.47%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	0		0		0	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	18,978,320		(11,088,141)		7,890,179	8.58%	0.00%	0.00%
	\$130,818,437	(\$0)	(\$11,093,403)	(27,814,005)	\$91,911,029	100.00%		7.87%

CITY GAS COMPANY OF FLORIDA
 DOCKET NO. 960502-GU
 COMPARATIVE NOIs
 PTY 09/30/97

ISSUE NO.	COMPANY		COMMISSION VOTE		
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED
OPERATING REVENUES	77,394,746				
Remove cost of gas		(36,414,807)		0	
Remove conservation costs		(1,184,611)		0	
Remove revenue related taxes		(11,509,573)		0	
Revenues due to growth	1,641,389				
4 Forecast of sales				18,071	
5 Connections and reconnections				16,015	
TOTAL REVENUES	79,036,135	(49,108,991)	29,927,144	34,086	29,961,230
OPERATING EXPENSES:					
OPERATION & MAINTENANCE EXPENSE	56,218,367				
Remove cost of gas		(36,278,251)		0	
Remove conservation costs		(1,180,169)		0	
Employee activities		(35,976)		0	
Economic development activities		(743)		0	
Prior rate case expense (928)		(161,667)		0	
48 Current rate case expense (928)		172,489		(46,809)	
52 A&G allocated to nonutility		(406,487)		(59,399)	
10 Huntington Development (912)		0		(16,113)	
34 Out of period/nonrecurring expenses		0		(56,995)	
35 Odorizing costs (874)		0		(5,003)	
36 Trending errors Accounts 902, 903		0		(25,651)	
37 Trending error Account 912		0		(6,321)	
38 Advertising expense (913)		0		(15,521)	
39 Reorganization expenses (921)		0		(16,110)	
40 Allocations from NUI and Elizabethtown (923)		0		(61,679)	
41 Allocations from NUI Southern Division (923)		0		(80,447)	
42 Legal fees amortization error (923)		0		(3,535)	
43 ESOP trust consultant (923)		0		(1,200)	
44 Level of legal expense (923)		0		(72,419)	
48 Correction of error (923)		0		(5,391)	
45 Overestimated insurance premiums (925)		0		(6,918)	
46 Employee Benefits, Account 926		0		(128,630)	
47 Training programs (926)		0		(2,665)	
49 Miscellaneous General Expense (930)		0		(5,181)	
50 AGA dues (930.2)		0		28,568	
54 Trend effect		0		4,556	
TOTAL O & M EXPENSE	56,218,367	(37,890,804)	18,327,563	(582,863)	17,744,700

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 960502-GU
COMPARATIVE NOIs
PTY 09/30/97

ISSUE NO.	COMPANY			COMMISSION VOTE	
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED
DEPRECIATION & AMORTIZATION	5,639,754				
Remove NUI acquisition adjustment		(985,092)		0	
Remove Ft. Pierce acquisition adjustment		(1,160)		0	
13 Remove Miller acquisition adjustment		7,368		(7,368)	
57 CNG fill station		5,000		0	
12 Common plant		(59,629)		(21,184)	
8 Cancelled/delayed projects		0		2,651	
11 Ft. Pierce				459	
11 Western Energy				1,829	
11 Consolidated Gas				28,509	
56 Calculation using average monthly balance				13,766	
TOTAL DEPRECIATION & AMORT.	<u>5,639,754</u>	<u>(1,033,513)</u>	<u>4,606,241</u>	<u>18,662</u>	<u>4,624,903</u>
TAXES OTHER THAN INCOME	2,334,390				
63 Regulatory assessment tax		(140,998)		(42,657)	
59 Payroll taxes		0		0	
Revenue taxes	11,509,573	(11,509,573)		0	
60 Tangible taxes		0		(403)	
61 Intangible taxes		0		(120)	
62 Property taxes		0		(102,926)	
TOTAL TAXES OTHER THAN INCOME	<u>13,843,963</u>	<u>(11,650,571)</u>	<u>2,193,392</u>	<u>(146,106)</u>	<u>2,047,286</u>
INCOME TAX EXPENSE					
65 Income taxes - current & deferred	(652,782)	551,617		280,115	
ITC Amortization	(12,168)				
65 Interest Synch/Rec. Adj.		397,447		72,802	
TOTAL INCOME TAXES	<u>(664,950)</u>	<u>949,064</u>	<u>284,114</u>	<u>352,918</u>	<u>637,032</u>
TOTAL OPERATING EXPENSES	<u>75,037,134</u>	<u>(49,625,824)</u>	<u>25,411,310</u>	<u>(357,390)</u>	<u>25,053,920</u>
NET OPERATING INCOME	<u>3,999,001</u>	<u>516,833</u>	<u>4,515,834</u>	<u>391,476</u>	<u>4,907,310</u>

CITY GAS COMPANY OF FLORIDA
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A

COMMISSION VOTE

	TREND RATES	BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
#5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
DISTRIBUTION EXPENSE				
870 Operation Supervision & Engineering				
Payroll trended	58,002	335,189	346,921	1
Payroll not trended	0	0	28,000	
Other trended	0	36,350	37,441	3
Other not trended				
Total	<u>58,002</u>	<u>371,539</u>	<u>412,361</u>	
871 Distribution Load Dispatching				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>0</u>	<u>0</u>	<u>0</u>	
872 Compressor Station Labor & Expense				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>0</u>	<u>0</u>	<u>0</u>	
873 Compressor Station Fuel & Power				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>0</u>	<u>0</u>	<u>0</u>	
874 Main & Service Expense				
Payroll trended	294,864	763,062	789,769	1
Payroll not trended	0	0	55,000	
Other trended	408,574	74,635	76,874	3
			(5,003)	
Total	<u>703,438</u>	<u>837,697</u>	<u>916,640</u>	
875 Measuring & Regulating Station General				
Payroll trended	0	2,737	2,833	1
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>0</u>	<u>2,737</u>	<u>2,833</u>	

CITY GAS COMPANY OF FLORIDA
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
# 5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
876 Measure & Regulating Station Industrial				
Payroll trended	29,673	22,879	23,680	1
Other trended	8,857	2,567	2,644	3
Other not trended	0	0	0	
Total	38,530	25,446	26,324	
877 Measure & Regulating Station City Gate				
Payroll trended	359	5,670	5,868	1
Other trended	3,802	34,243	35,270	3
Other not trended	0	25,600	0	
Total	4,161	65,513	41,139	
878 Meter & House Regulator Expense				
Payroll trended	461,390	466,706	483,041	1
Other trended	367,236	313,992	323,412	3
Other not trended	0	0	0	
Total	828,626	780,698	806,452	
879 Customer Service Expense				
Payroll trended	1,322,130	1,111,119	1,123,829	1
Payroll not trended	0	0	55,000	
Other trended	910,142	414,449	390,183	3
Total	2,232,272	1,525,568	1,569,013	
880 Other Expense Maps & Records				
Payroll trended	531,999	454,893	470,607	1
Payroll not trended	0	0	29,500	
Other trended	548,672	588,244	605,891	3
Total	1,080,671	1,042,937	1,105,999	
881 Rents				
Payroll trended	0	0	0	
Other trended	3,453	0	0	
Other not trended	0	0	0	
Other not trended	0	0	0	
Total	3,453	0	0	
Total Distribution Expense	4,949,153	4,652,135	4,880,760	

CITY GAS COMPANY OF FLORIDA
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A

COMMISSION VOTE

	TREND RATES	BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
# 5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
MAINTENANCE EXPENSE				
885 Maintenance Supervision & Engineering				
Payroll trended	5,382	1,398	1,447	1
Other trended	0	13,052	13,444	3
Other not trended	0	0	0	
Total	5,382	14,450	14,890	
886 Maintenance of Structures & improvements				
Payroll trended	0	1,951	2,019	1
Other trended	7,046	12,225	12,592	3
Other not trended	0	0	0	
Total	7,046	14,176	14,611	
887 Maintenance of Mains				
Payroll trended	19,803	112,668	116,611	1
Other trended	231,155	247,533	254,959	4
Other not trended	0	0	0	
Total	250,958	360,201	371,570	
888 Maintenance of Compressor Station Equip.				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	0	0	0	
889 Maintenance of Meas. & Reg. Station General				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	0	0	0	
890 Maintenance of Meas. & Reg. Station Industrial				
Payroll trended	3,241	12,086	12,509	1
Other trended	11,572	39,105	40,278	3
Other not trended	0	0	0	
Total	14,813	51,191	52,787	

CITY GAS COMPANY OF FLORIDA
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A

COMMISSION VOTE

	TREND RATES	BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
#5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
891 Maintenance of Meas & Reg Station City Gate				
Payroll trended	22,006	31,762	32,874	1
Other trended	34,991	25,181	25,936	3
Other not trended	0	0	0	
Total	<u>56,997</u>	<u>56,943</u>	<u>58,810</u>	
892 Maintenance of Services				
Payroll trended	38,558	41,131	42,571	1
Other trended	43,740	125,087	128,840	3
Other not trended	0	0	0	
Total	<u>82,298</u>	<u>166,218</u>	<u>171,410</u>	
893 Maintenance of Meters & House Regulators				
Payroll trended	291,736	135,487	140,229	1
Other trended	241,929	104,202	107,328	3
Other not trended	0	0	0	
Total	<u>533,665</u>	<u>239,689</u>	<u>247,557</u>	
894 Maintenance of Other Equipment				
Payroll trended	5,778	0	0	1
Other trended	12,636	1,628	1,677	3
Other not trended	3	0	0	
Total	<u>18,417</u>	<u>1,628</u>	<u>1,677</u>	
Total Maintenance Expense	<u>999,576</u>	<u>904,496</u>	<u>933,313</u>	

CUSTOMER ACCOUNT EXPENSE

901 Supervision				
Payroll trended	140,722	218,044	225,676	1
Other trended	0	17,376	18,513	5
Other not trended	0	0	(3,250)	
Total	<u>140,722</u>	<u>235,420</u>	<u>240,938</u>	
902 Meter Reading Expense				
Payroll trended	517,236	627,440	639,050	1
Payroll not trended	0	0	30,000	
Other trended	131,652	79,920	85,149	5
Total	<u>648,888</u>	<u>707,360</u>	<u>754,200</u>	

CITY GAS COMPANY OF FLORIDA
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A

COMMISSION VOTE

		BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
	<u>TREND RATES</u>		
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
# 5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
903 Customer Records & Collections				
Payroll trended	899,698	862,091	876,963	1
Payroll not trended	0	0	66,500	
Other trended	996,733	1,035,606	1,103,356	5
Other not trended	(135,329)			
Other not trended	(26,391)			
Other not trended			(55,888)	
Total	<u>1,734,711</u>	<u>1,897,697</u>	<u>1,990,931</u>	
904 Uncollectible Accounts				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	160,863	175,710	189,445	
Total	<u>160,863</u>	<u>175,710</u>	<u>189,445</u>	
905 Miscellaneous Customer Accounts				
Payroll trended	0	0	0	
Other trended	107,487	1,198	1,276	5
Other not trended	0	0	0	
Total	<u>107,487</u>	<u>1,198</u>	<u>1,276</u>	
Total Customer Account Expense	<u>2,792,671</u>	<u>3,017,385</u>	<u>3,178,791</u>	

SALES EXPENSE

911 Supervision				
Payroll trended	131,427	116,563	120,643	1
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>131,427</u>	<u>116,563</u>	<u>120,643</u>	
912 Selling & Demonstrating Expense				
Payroll trended	438,017	298,925	309,387	1
Payroll not trended	0	0	70,000	
Other trended	66,664	125,720	129,492	3
Other not trended	511,264	491,148	458,356	
Total	<u>1,015,945</u>	<u>915,793</u>	<u>967,234</u>	

CITY GAS COMPANY OF FLORIDA
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A

COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
# 5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
913 Advertising Expense				
Payroll trended	0	0	0	
Other not trended	19,823	52,756	104,339	
Other not trended	0	0	(15,521)	
Other not trended			0	
Total	<u>19,823</u>	<u>52,756</u>	<u>88,818</u>	
916 Miscellaneous Sales Expense				
Payroll trended	150,511	43,764	45,296	1
Payroll not trended	0	0	26,700	
Other trended	25,597	5,930	6,108	3
Total	<u>176,108</u>	<u>49,694</u>	<u>78,104</u>	
Total Sales Expense	<u>1,343,303</u>	<u>1,134,806</u>	<u>1,254,798</u>	

ADMINISTRATIVE & GENERAL EXPENSES

920 Administrative & General Salaries				
Payroll trended	904,014	323,997	290,466	1
Payroll not trended	0	201,444	0	
Payroll not trended	0	0	60,000	
Other not trended			3,395	
Total	<u>904,014</u>	<u>525,441</u>	<u>353,861</u>	
921 Office Supplies & Expenses				
Payroll trended	0	0	0	
Other trended	452,709	563,968	514,956	3
Other not trended	0	0	(20,654)	
Other not trended			4,988	
Total	<u>452,709</u>	<u>563,968</u>	<u>499,290</u>	
922 Administrative Exp. Transferred-Credit				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>0</u>	<u>0</u>	<u>0</u>	

CITY GAS COMPANY OF FLORIDA
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A

COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
# 5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
923 Outside Services Employed				
Other not trended	1,968,998	3,132,849	3,009,134	
Other not trended	0	995,135	1,002,889	
Other trended	386,657	382,812	301,382	3
Other not trended	4,014	39,486	0	
Total	<u>2,359,669</u>	<u>4,550,282</u>	<u>4,313,405</u>	
924 Property Insurance				
Payroll trended	0	0	0	
Other trended	3,117	4,300	3,926	3
Other not trended	0	0	38	
Total	<u>3,117</u>	<u>4,300</u>	<u>3,964</u>	
925 Injuries & Damages				
Payroll trended	0	0	0	
Other trended	1,084,580	1,141,887	1,042,652	3
Other not trended	0	0	3,182	
Other not trended				
Total	<u>1,084,580</u>	<u>1,141,887</u>	<u>1,045,834</u>	
926 Employee Pensions/Benefits				
Payroll trended	15,087	50,418	52,183	1
Other trended	4,538	76,343	78,633	3
Other trended	1,024,057	1,120,149	989,365	
Other not trended	(254,516)	49,706	(228,336)	
Total	<u>789,166</u>	<u>1,296,616</u>	<u>891,845</u>	
927 Franchise Requirements				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>0</u>	<u>0</u>	<u>0</u>	
928 Regulatory Commission Expense				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	150,235	247,581	172,489	
Other not trended			(46,809)	
Total	<u>150,235</u>	<u>247,581</u>	<u>125,680</u>	

CITY GAS COMPANY OF FLORIDA
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A

COMMISSION VOTE

	TREND RATES:	BASE YEAR + 1 09/30/96	PROJECTED TEST YEAR 09/30/97
# 1	Payroll Wage Rate Increases	3.50%	3.50%
# 2	Wage Rate Increases & Staffing Change		
# 3	Inflation Only (CPI-U)	0.00%	3.00%
# 4	Customer Growth	2.55%	3.44%
# 5	Inflation x Customer Growth	0.00%	6.54%

ACCOUNT	BASE YEAR 1995	BASE YEAR + 1 1996	PROJECTED TEST YEAR 1997	TREND BASIS APPLIED
929 Duplicate Charges				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	<u>0</u>	<u>0</u>	<u>0</u>	
930.1 General Advertising Expenses				
Payroll trended	0	0	0	
Other trended	16,320	8,711	7,954	3
Other not trended	0	0	(5,104)	
Total	<u>16,320</u>	<u>8,711</u>	<u>2,850</u>	
930.2 Miscellaneous General Expenses				
Payroll trended	0	0	0	
Other trended	97,523	89,996	81,516	3
Other not trended	0	0	29,364	
Total	<u>97,523</u>	<u>89,996</u>	<u>110,880</u>	
931 Rents				
Payroll trended	0	0	0	
Other not trended	48,329	91,972	81,533	
Other not trended	0	0	790	
Total	<u>48,329</u>	<u>91,972</u>	<u>82,323</u>	
935 Maintenance of General Plant				
Payroll trended	1,046	0	0	
Other not trended	66,825	92,558	68,755	1
Other not trended	0	0	351	
Total	<u>67,871</u>	<u>92,558</u>	<u>69,106</u>	
Total Administrative & General Expenses	<u>5,973,533</u>	<u>8,613,312</u>	<u>7,499,038</u>	
TOTAL OPERATION & MAINTENANCE EXPENSES	<u>\$16,028,236</u>	<u>\$18,322,134</u>	<u>\$17,744,700</u>	

CITY GAS COMPANY OF FLORIDA
 DOCKET NO. 960502-GU
 NET OPERATING INCOME MULTIPLIER
 PTY 09/30/97

ATTACHMENT 4

<u>DESCRIPTION</u>	<u>COMPANY PER FILING</u>	<u>COMMISSION VOTE</u>
REVENUE REQUIREMENT	100.0000%	100.0000%
GROSS RECEIPTS TAX RATE	0.0000%	0.0000%
REGULATORY ASSESSMENT RATE	0.3750%	0.3750%
BAD DEBT RATE	0.2400%	0.2400%
NET BEFORE INCOME TAXES	<u>99.3850%</u>	<u>99.3850%</u>
STATE INCOME TAX RATE	5.5000%	5.5000%
STATE INCOME TAX	5.4662%	5.4662%
NET BEFORE FEDERAL INCOME TAXES	<u>93.9188%</u>	<u>93.9188%</u>
FEDERAL INCOME TAX RATE	34.0000%	34.0000%
FEDERAL INCOME TAX	31.9324%	31.9324%
REVENUE EXPANSION FACTOR	<u>61.9864%</u>	<u>61.9864%</u>
NET OPERATING INCOME MULTIPLIER	<u>1.6133</u>	<u>1.6133</u>

CITY GAS COMPANY OF FLORIDA
 DOCKET 960502-GU
 COMPARATIVE DEFICIENCY CALCULATIONS
 PTY 09/30/97

ATTACHMENT 5

	<u>COMPANY ADJUSTED</u>	<u>COMMISSION VOTE</u>
RATE BASE (AVERAGE)	\$94,432,747	\$91,911,029
RATE OF RETURN	X 8.25%	X 7.87%
REQUIRED NOI	<u>\$7,790,702</u>	<u>\$7,233,398</u>
Operating Revenues	<u>29,927,144</u>	<u>29,961,230</u>
Operating Expenses:		
Operation & Maintenance	18,327,563	17,744,700
Depreciation & Amortization	4,606,241	4,624,903
Amortization of Environ. Costs	0	0
Taxes Other than Income Taxes	2,193,392	2,047,286
Income Taxes	<u>284,114</u>	<u>637,032</u>
Total Operating Expenses	25,411,310	25,053,920
Achieved NOI	<u>4,515,834</u>	<u>4,907,310</u>
NET REVENUE DEFICIENCY	3,274,868	2,326,088
REVENUE TAX FACTOR	1.6133	1.6133
REVENUE DEFICIENCY	<u>\$5,283,344</u>	<u>\$3,752,678</u>

COMPANY: CITY GAS COMPANY OF FLORIDA
 DOCKET NO. 960502 - GU

SCHEDULE - A (COST OF SERVICE)
 CLASSIFICATION OF RATE BASE
 (Page 1 of 2: PLANT)

ATTACHMENT 6

ORDER NO. PSC-96-1404-FOF-GU
 DOCKET NO. 960502-GU
 PAGE 52

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0		0		100% capacity
INTANGIBLE PLANT:	466,496		466,496		.
PRODUCTION PLANT	0		0		.
DISTRIBUTION PLANT:					.
374 Land and Land Rights	197,201		197,201		.
375 Structures and Improvements	1,152,473		1,152,473		.
376 Mains	80,709,559		80,709,559		.
377 Comp.Sta.Eq.	0		0		.
378 Meas. & Reg.Sta.Eq. - Gen	0		0		.
379 Meas. & Reg.Sta.Eq. - CG	2,674,730		2,674,730		.
380 Services	29,927,832	29,927,832			100% customer
381 - 382 Meters	9,028,902	9,028,902			.
383 - 384 House Regulators	3,204,314	3,204,314			.
385 Industrial Meas. & Reg.Eq.	1,810,386		1,810,386		100% capacity
386 Property on Customer Premises	0	0	0	0	ac 374-385
387 Other Equipment	158,310	51,859	106,451	0	ac 374-386
Total Distribution Plant	128,863,707	42,212,907	86,650,800	0	128863707
GENERAL PLANT:	5,249,661	2,624,831	2,624,831		50% customer, 50%, capacity
PLANT ACQUISITIONS:	0		0		100% capacity
GAS PLANT FOR FUTURE USE:	0		0		.
CWIP:	2,176,865	713,093	1,463,772	0	dist.plant
TOTAL PLANT	136,756,729	45,550,830	91,205,899	0	138758729 checksum

COMPANY: CITY GAS COMPANY OF FLORIDA
 DOCKET NO. 960502-GU

SCHEDULE - A (COST OF SERVICE)
 CLASSIFICATION OF RATE BASE
 (Page 2 of 2: ACCUMULATED DEPRECIATION)

ATTACHMENT 6

ORDER NO. PSC-96-1404-FOF-GU
 DOCKET NO. 960502-GU
 PAGE 53

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	related plant
INTANGIBLE PLANT:	434,176	0	434,176	0	rel. plant account
PRODUCTION PLANT	0		0		.
DISTRIBUTION PLANT:					.
375 Structures and Improvements	367,014	0	367,014	0	.
376 Mains	28,242,515	0	28,242,515	0	.
377 Compressor Sta. Eq.	0	0	0	0	.
378 Meas. & Reg. Sta. Eq. - Gen	0	0	0	0	.
379 Meas. & Reg. Sta. Eq. - CG	534,165	0	534,165	0	.
380 Services	12,388,140	12,388,140	0	0	.
381-382 Meters	3,830,643	3,830,643	0	0	.
383-384 House Regulators	1,290,158	1,290,158	0	0	.
385 Indust. Meas. & Reg. Sta. Eq.	458,357	0	458,357	0	.
386 Property on Customer Premises	0	0	0	0	.
387 Other Equipment	134,890	44,187	90,703	0	.
Total A.D. on Dist. Plant	47,245,882	17,553,128	29,692,754	0	47245882 checksum
GENERAL PLANT:	2,427,868	1,213,934	1,213,934	0	general plant
PLANT ACQUISITIONS:	0	0	0	0	plant acquisitions
RETIREMENT WORK IN PROGRESS:	(70,254)	(23,014)	(47,240)	0	distribution plant
TOTAL ACCUMULATED DEPRECIATION	50,037,872	18,744,048	31,293,624	0	50037872 checksum
NET PLANT (Plant less Accum. Dep.)	86,719,057	26,806,782	59,912,275	0	86719057 checksum
less: CUSTOMER ADVANCES	(14,000)	(7,000)	(7,000)		50% cust 50% cap
plus: WORKING CAPITAL	5,205,972	3,766,246	1,339,653	100,073	oper. and maint. exp.
equals: TOTAL RATE BASE	91,911,029	30,566,028	61,244,928	100,073	91911029 checksum

SCHEDULE - B (COST OF SERVICE)
CLASSIFICATION OF EXPENSES
(Page 1 of 2)

ATTACHMENT 8

ORDER NO. PSC-96-1404-FOF-GU
DOCKET NO. 960502-GU
PAGE 54

OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	ac 301-320
PRODUCTION PLANT	0		0		100% capacity
DISTRIBUTION:					
870 Operation Supervision & Eng.	412,361	242,444	169,917	0	ac 871-879
871 Dist. Load Dispatch	0		0		100% capacity
872 Compr. Sta. Lab. & Ex.	0	0	0	0	ac 377
873 Compr. Sta. Fuel & Power	0			0	100% commodity
874 Mains and Services	916,639	247,954	668,685	0	ac376+ac380
875 Meas. & Reg. Sta. Eq. - Gen	0	0	0	0	ac 378
876 Meas. & Reg. Sta. Eq. - Ind.	29,157	0	29,157	0	ac 385
877 Meas. & Reg. Sta. Eq. - CG	41,139	0	41,139	0	ac 379
878 Meter and House Reg.	806,452	806,452	0	0	ac381+ac383
879 Customer Instal.	0	0	0	0	ac 386
880 Other Expenses	2,675,012	1,468,620	1,206,392	0	ac 387
881 Rents	0		0		100% capacity
885 Maintenance Supervision	14,890	6,805	8,085	0	ac886-894
886 Maint. of Struct. and Improv.	14,611	0	14,611	0	ac375
887 Maintenance of Mains	371,570	0	371,570	0	ac376
888 Maint. of Comp. Sta. Eq.	0	0	0	0	ac 377
889 Maint. of Meas. & Reg. Sta. Eq. - Gen	0	0	0	0	ac 378
890 Maint. of Meas. & Reg. Sta. Eq. - Ind.	52,787	0	52,787	0	ac 385
891 Maint. of Meas. & Reg. Sta. Eq. - CG	58,810	0	58,810	0	ac 379
892 Maintenance of Services	171,410	171,410	0	0	ac 380
893 Maint. of Meters and House Reg.	247,557	247,557	0	0	ac381-383
894 Maint. of Other Equipment	1,677	766	911	0	ac387
Total Distribution Expenses	5,814,072	3,192,009	2,622,063	0	5814072
CUSTOMER ACCOUNTS:					
901 Supervision	240,938	240,938			100% customer
902 Meter-Reading Expense	754,200	754,200			"
903 Records and Collection Exp.	1,990,931	1,990,931			"
904 Uncollectible Accounts	198,451			198,451	100% commodity
905 Misc. Expenses	1,276	1,276			100% customer
Total Customer Accounts	3,185,796	2,987,345	0	198,451	
(907-910) CUSTOMER SERV. & INFO. EXP.	0	0			"
(911-916) SALES EXPENSE	1,254,798	1,254,798			"
(932) MAINT. OF GEN. PLANT	69,107	34,554	34,554	0	general plant
(920-931) ADMINISTRATION AND GENERAL	7,429,933	5,375,164	1,911,945	142,824	O&M excl. A&G
TOTAL O&M EXPENSE	17,753,708	12,843,870	4,568,562	341,275	17753708

SCHEDULE - B (COST OF SERVICE)
 CLASSIFICATION OF EXPENSES
 (Page 2 of 2)

ATTACHMENT 8

COMPANY: CITY GAS COMPANY OF FLORIDA
 DOCKET NO. 960502-GU

DEPRECIATION AND AMORTIZATION EXPENSE:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
Depreciation Expense	4,571,884	1,413,271	3,158,613	0		net plant
Amort. of Other Gas Plant	0		0			100% capacity
Amort. of Property Loss	0		0			100% capacity
Amort. of Limited-term Inv.	0	0	0	0		intangible plant
Amort. of Acquisition Adj.	(6,909)	(2,302)	(4,607)	0		Intan/diet/gen plant
Amort. of Conversion Costs	59,928			59,928		100% commodity
Total Deprec. and Amort. Expense	4,624,903	1,410,969	3,154,006	59,928		4624903
TAXES OTHER THAN INCOME TAXES:						
Revenue Related	126,720				126720	100% revenue
Other	1,834,639	598,040	1,338,599	0		net plant
Total Taxes other than Income Taxes	2,061,359	598,040	1,338,599	0	126720	
REV.CRDT TO COS(NEG.OF OTHER OPR.REV)	(593,976)	(593,976)				100% customer
RETURN (REQUIRED NOI)	7,233,398	2,405,546	4,819,976	7,876		rate base
INCOME TAXES	2,040,480	678,584	1,359,874	2,222		return(noi)
TOTAL OVERALL COST OF SERVICE	33,118,870	17,343,033	15,238,817	411,300	126720	33119870

SCHEDULE - C (COST OF SERVICE)

ATTACHMENT 6

ORDER NO. PSC-96-1404-FOF-GU
 DOCKET NO. 960502-GU
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PANY NAME: CITY GAS COMPANY
 GET NO. 960502-GU

CUSTOMER COSTS	TOTAL	GAS			INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	LARGE COMMERCIAL	
		RESIDENTIAL	LIGHTING	COMMERCIAL					
of Customers	101108	95824	268	4917	41	7	4	47	
ighting	NA	1	1	3	31	31	5	31	
ighted No. of Customers	112343	95824	268	13325	1253	214	22	1437	
ocation Factors	1	0.852858482	0.00238555	0.118810489	0.01115863	0.001905	0.000195	0.012789	
	1	0.854998122		0.118894117	0.0111833	0.001909	0.000195	0.01282	
CITY COSTS									
k & Avg. Month Sales Vol.(therms)	18885888	4894747	11824	8622702	3327254	2189176	48530	2011836	
ocation Factors	1	0.248585185	0.00062608	0.350889718	0.17617892	0.114857	0.00257	0.108515	
MODIFY COSTS									
ual Sales Vol.(therms)	105328788	23105080	70848	38862437	19772890	12788940	283418	10836383	
ocation Factors	1	0.219385702	0.00087265	0.387071339	0.18772712	0.121403	0.002788	0.100975	
REVENUE-RELATED COSTS									
on Cust.Cap.& Commod.	123724	71308	165	28861	11451	3790	184	7987	
ocation Factors	1	0.578331472	0.00133624	0.233289509	0.09255058	0.03063	0.001488	0.084394	

SCHEDULE - D (COST OF SERVICE)
 ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

ATTACHMENT 8

COMPANY NAME: CITY GAS COMPANY
 MARKET NO. 960502 - GU

RATE BASE BY CUSTOMER CLASS	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT	INTERRUPT LARGE VOL.	NGV	LARGE COMMERCIAL
EFFECT AND SPECIAL ASSIGNMENTS:								
Customer	5198259	4444502	0	618042	58134	9925	1015	66641
Meters	1914156	1914156	0	0	0	0	0	0
House Regulators	17539692	14960629	41842	2080391	195684	33409	3416	224320
Services	5913921	5044329	14108	701453	65979	11265	1152	75635
# Other	30566028	26363616	55950	3399887	319797	54599	5583	366596
Total								
Specialty								
Industrial Meas. & Reg. Sta. Eq.	1352029	0	0	630382	305357	207016	4631	204643
Meas. & Reg. Sta. Eq. - Gen.	0	0	0	0	0	0	0	0
Lines	52467044	13621861	35184	19621877	9504841	2943131	153181	6386969
# Other	7425855	1845958	4649	2604022	1308264	852912	19082	790668
Total	61244928	15867819	39833	22856281	11118462	4003059	176894	7382580
Commodity								
Account #	0	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0	0
# Other	100073	21953	67	36734	18786	12149	279	10105
Total	100073	21953	67	36734	18786	12149	279	10105
TOTAL	91911029	42053387	95850	26292902	11457046	4069608	182755	7759281

SCHEDULE - F (COST OF SERVICE)
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES
 (Page 1 of 2)

ATTACHMENT 6

COMPANY NAME: CITY GAS COMPANY
 DOCKET NO. 960502-GU

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT	INTERRUPT LARGE VOL	NGV	LARGE COMMERCIAL
Customer	0	0	0	0	0	0	0	0
Capacity	0	0	0	0	0	0	0	0
Commodity	0	0	0	0	0	0	0	0
Revenue	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0
OPERATIONS AND MAINTENANCE EXPENSE:								
DIRECT AND SPECIAL ASSIGNMENTS:								
Customer								
878 Meters and House Regulators	808482	688515	0	95882	8019	1540	157	10338
883 Maint. of Meters & House Reg.	247557	211881	0	29433	2789	473	48	3174
874 Mains & Service	247854	211495	592	29410	2788	472	48	3171
882 Maint. of Service	171410	148208	409	20331	1912	327	33	2182
All Other	11370488	988581	27125	1348880	128858	21858	2215	145421
Total	12843870	10857437	28125	1523717	143322	24470	2502	164298
Capacity								
878 Measuring & Reg. Sta. Eq - I	29157	0	0	13818	8842	4480	100	4137
880 Maint. of Meas. & Reg. Sta. Eq - I	52787	0	0	0	23243	15153	338	14052
874 Mains and Service	888885	178158	448	250078	121138	37510	1852	81401
887 Maint. of Mains	371570	97888	249	138882	87313	20843	1085	45232
All Other	3448383	807908	2311	1288887	824337	183323	10082	418538
Total	4588582	1181950	3009	1891545	842873	271290	13538	564358
Commodity								
Account #	0	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0	0
All Other	341275	74884	230	125272	84088	41432	851	34480
Total	341275	74884	230	125272	84088	41432	851	34480
TOTAL O&M	17753708	12214251	31384	3340534	1050282	337191	18880	763115
DEPRECIATION EXPENSE:								
Customer	1413271	1208344	0	188030	15805	2888	278	18118
Capacity	3158813	832102	2118	1181273	572208	177182	8222	384507
Total	4571884	2040445	2118	1348303	588014	179880	8498	402625
AMORT. OF GAS PLANT:								
Capacity	0	0	0	0	0	0	0	0
AMORT. OF PROPERTY LOSS:								
Capacity	0	0	0	0	0	0	0	0
AMORT OF LIMITED TERM INVEST.								
Capacity	0	0	0	0	0	0	0	0
AMORT. OF ACQUISITION ADJ.:								
Customer	-2302	-1888	0	-274	-28	-4	-0	-30
Capacity	-4807	-1145	-3	-1818	-812	-529	-12	-491
Total	-6909	-3113	-3	-1889	-837	-534	-12	-520
AMORT. OF CONVERSION COSTS:								
Commodity	58828	13148	40	21888	11250	7275	187	8051

SCHEDULE - E (COST OF SERVICE)
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES

ATTACHMENT 6

PANY NAME: CITY GAS COMPANY
 KET NO. 960502-GU

(Page 2 of 2)

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT	INTERRUPT LARGE VOL	NGV	LARGE COMMERCIAL
OTHER THAN INCOME TAXES:								
Customer	598040	511323	0	71103	6688	1142	117	7667
Capacity	1336599	352112	896	499668	242136	74976	3902	162708
Subtotal	1934639	863435	896	570971	246824	76118	4019	170375
Revenue	126720	73033	169	29560	11728	3881	189	8160
Total	2061359	936468	1066	600531	260552	80000	4208	178535
URN (NOI)								
Customer	2405546	2074817	4403	267571	25168	4297	439	28651
Capacity	4819978	1233057	3135	1796789	875023	315041	13922	581009
Capacity	7876	1726	5	2891	1478	956	22	795
Total	7233398	3309802	7543	2069251	901669	320294	14383	610655
OME TAXES								
Customer	67664	585288	1242	75480	7100	1212	124	8139
Capacity	1356674	347835	884	507423	246837	68670	3927	163698
Capacity	2222	487	1	816	417	270	6	224
Total	2040480	933610	2128	583718	254353	90352	4057	172261
ENUE CREDITED TO COS:								
Customer	-589676	-356386	0	-237590	0	0	0	0
AL COST OF SERVICE:								
Customer	17343033	14978855	33771	1868036	198057	33615	3457	227041
Capacity	15236817	3945911	10039	5677283	2778266	926630	44499	1856990
Capacity	411300	90225	277	150976	77212	49933	1146	41531
Subtotal	32983150	19014991	44087	7606296	3053535	1010577	49102	2124562
Revenue	126720	73033	169	29560	11728	3881	189	8160
Total	33119870	19088023	44256	7725856	3065263	1014459	49290	2132722

ATTACHMENT 6

SCHEDULE - G (COST OF SERVICE)
RATE OF RETURN BY CUSTOMER CLASS
 (Page 1 of 2: PRESENT RATES)

COMPANY NAME: CITY GAS COMPANY
 DOCKET NO. 960502-GU

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	LARGE COMMERCIAL
REVENUES: (projected test year)								
Gas Sales (due to growth)	29,367,254	15,948,459	21,024	7,861,051	2,168,256	1,432,249	40,289	1,695,926
Other Operating Revenue	593,976	356,386	0	237,590	0	0	0	0
Total	29,961,230	16,304,845	21,024	8,098,641	2,168,256	1,432,249	40,289	1,695,926
EXPENSES:								
Purchased Gas Cost	0	0	0	0	0	0	0	0
O&M Expenses	17,753,706	12,214,251	31,364	3,340,534	1,050,262	337,191	16,990	763,115
Depreciation Expenses	4,571,864	2,040,445	2,118	1,348,303	568,014	179,860	9,496	402,625
Amortization Expenses	53,019	10,033	37	20,109	10,413	6,742	155	5,531
Taxes Other Than Income -- Fixed	1,934,639	863,435	696	570,971	248,624	78,118	4,019	170,375
Taxes Other Than Income -- Revenue	110,127	59,807	79	29,479	8,131	5,371	151	7,110
Total Excess excl. Income Taxes	24,423,375	15,187,971	34,494	5,310,396	1,905,643	605,302	30,613	1,348,756
INCOME TAXES:	632,337	289,322	659	180,692	78,823	26,000	1,257	53,363
NET OPERATING INCOME:	4,905,518	627,551	(14,130)	2,607,354	183,789	796,947	8,219	493,787
<hr style="border-top: 1px dashed black;"/>								
RATE BASE:	91,911,029	42,053,367	95,850	26,292,902	11,457,046	4,069,806	182,755	7,759,261
RATE OF RETURN	0.053372	0.019679	-0.147414	0.099166	0.016042	0.196311	0.044972	0.063636

COMPANY NAME: CITY GAS COMPANY
 TICKET NO. 960502 - GU

SCHEDULE - G (COST OF SERVICE)
 RATE OF RETURN BY CUSTOMER CLASS
 (Page 2 of 2: APPROVED RATES)

ATTACHMENT 8

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	LARGE COMMERCIAL
REVENUES:								
Gas Sales	33,119,870	18,758,174	32,837	8,835,805	2,586,912	1,105,002	42,002	1,759,335
Other Operating Revenue	583,978	356,388	0	237,590	0	0	0	0
Total	33,713,848	19,114,560	32,837	9,073,195	2,586,912	1,105,002	42,002	1,759,335
EXPENSES:								
Purchased Gas Cost	0	0	0	0	0	0	0	0
O&M Expenses	17,783,708	12,214,251	31,384	3,340,534	1,050,282	337,191	16,980	783,115
Depreciation Expenses	4,571,884	2,040,445	2,118	1,349,303	588,014	179,880	9,488	402,825
Amortization Expenses	53,019	10,033	37	20,109	10,413	8,742	155	5,531
Taxes Other Than Income -- Fixed	1,834,639	883,435	888	570,971	248,824	76,118	4,019	170,375
Taxes Other Than Income -- Revenue	128,720	70,343	123	33,134	9,701	4,144	158	6,588
Total Excess excl. Income Taxes	24,439,968	15,198,507	34,539	5,314,050	1,907,213	604,075	30,819	1,348,244
NET OPERATING INCOME:	9,273,878	3,916,053	(1,702)	3,759,145	679,699	500,927	11,183	411,082
STATE TAXES:	2,040,480	881,827	(374)	827,104	149,550	110,218	2,481	90,450
NET OPERATING INCOME:	7,233,398	3,054,425	(1,327)	2,932,041	530,148	390,711	8,702	320,631
STATE BASE:	91,911,029	42,053,387	95,850	28,292,902	11,457,046	4,089,808	182,755	7,759,281
RATE OF RETURN	0.078700	0.072832	-0.013848	0.111515	0.046273	0.098002	0.047728	0.041324

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ATTACHMENT 8

COST OF SERVICE SUMMARY
 APPROVED RATE DESIGN

CITY NAME: CITY GAS COMPANY
 MET NO. 940276-GU

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	LARGE COMMERCIAL
PROPOSED RATES (projected test year)								
SALES (due to growth)	29,367,254	15,948,459	21,024	7,861,051	2,168,256	1,432,249	40,289	1,695,926
OPERATING REVENUE	593,976	356,366	0	237,590	0	0	0	0
TOTAL	29,961,230	16,304,845	21,024	8,098,641	2,168,256	1,432,249	40,289	1,695,926
PERCENT OF RETURN	5.34%	1.97%	-14.74%	9.92%	1.60%	19.63%	4.50%	8.36%
INDEX	1.00	0.00	-0.03	0.02	0.00	0.04	0.01	0.01
PROPOSED RATES								
SALES	33,119,670	18,758,174	32,837	8,835,605	2,566,912	1,105,002	42,002	1,759,335
OPERATING REVENUE	593,976	356,366	0	237,590	0	0	0	0
TOTAL	33,713,646	19,114,560	32,837	9,073,195	2,566,912	1,105,002	42,002	1,759,335
TOTAL REVENUE INCREASE	3,752,616	2,809,715	11,813	974,554	418,656	(327,247)	1,713	(136,591)
PERCENT INCREASE	12.52%	17.23%	56.19%	12.03%	19.31%	-22.65%	4.25%	-7.20%
		18.79	18.79	18.79	18.79	18.79	18.79	18.79
PERCENT OF RETURN	7.97%	7.26%	-1.38%	11.15%	4.63%	9.60%	4.77%	4.13%
INDEX	1.00	0.92	-0.18	1.42	0.59	1.22	0.61	0.53

COMPANY NAME: CITY GAS COMPANY
DOCKET NO. 960502-GU

COST OF SERVICE SUMMARY
CALCULATION OF APPROVED RATES

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.
PROPOSED TOTAL TARGET REVENUES	33,713,846	19,114,560	32,837	9,073,195	2,586,912	1,105,002
LESS: OTHER OPERATING REVENUE	593,976	356,386	0	237,590	0	0
LESS: CUSTOMER CHARGE REVENUES						
PROPOSED CUSTOMER CHARGES		\$7.00	\$0.00	\$17.00	\$50.00	\$250.00
TIMES: NUMBER OF BILLS	1,213,296	1,149,888	3,216	59,004	156	84
EQUALS: CUSTOMER CHARGE REVENUES	9,096,360	8,049,216	0	1,003,068	7,800	21,000
					\$175.00	\$400.00
LESS: OTHER NON-THERM-RATE REVENUES					324	72
	92,700				56,700	28,800
EQUALS: PER-THERM TARGET REVENUES	23,930,810	10,708,958	32,837	7,832,537	2,522,412	1,055,202
DIVIDED BY: NUMBER OF THERMS	105,326,766	23,105,080	70,848	38,662,437	19,772,690	12,786,940
EQUALS: PER-THERM RATES (UNRNDED)		0.463489	0.463485	0.202588	0.127571	0.082522
PER-THERM RATES (RNDED)		0.46349	0.46349	0.20259	0.12757	0.08252
PER-THERM-RATE REVENUES (RNDED RATES)	23,930,833	10,708,974	32,837	7,832,623	2,522,402	1,055,178
SUMMARY: APPROVED TARIFF RATES						
CUSTOMER CHARGES		\$7.00	\$0.00	\$17.00	\$50.00	\$250.00
ENERGY CHARGES						
NON-GAS (CENTS PER THERM)		46.349	46.349	20.259	12.757	8.252
PURCHASED GAS ADJUSTMENT		42.000	42.000	42.000	42.000	42.000
TOTAL (INCLUDING PGA)		88.349	88.349	62.259	54.757	50.252
SUMMARY: PRESENT TARIFF RATES						
CUSTOMER CHARGES		\$6.00	\$0.00	\$12.00	\$36.00	\$150.00
ENERGY CHARGES						
NON-GAS (CENTS PER THERM)		39.640	29.611	17.763	11.828	11.046
PURCHASED GAS ADJUSTMENT		42.000	42.000	42.000	42.000	42.000
TOTAL (INCLUDING PGA)		81.640	71.611	59.763	53.828	53.046
SUMMARY: OTHER OPERATING REVENUE						
		PRESENT		APPROVED		
		CHARGE	REVENUE	CHARGE	REVENUE	
CONNECTION/RECONNECTION RESIDENTIAL		\$20.00	\$477,695	\$20.00	\$485,702	
CONNECTION/RECONNECTION COMMERCIAL		\$45.00	\$72,921	\$45.00	\$80,929	
CHANGE OF ACCOUNT		\$15.00	\$0	\$15.00	\$0	
BILL COLLECTION IN LIEU OF DISCONNECTION		\$15.00	\$0	\$15.00	\$0	
RETURNED CHECK CHARGE		\$15.00	\$27,345	\$15.00	\$27,345	

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**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

<u>RATE SCHEDULE</u>	<u>PRESENT RATE</u>	<u>RATE INCREASE</u>	<u>APPROVED RATE</u>
<u>RESIDENTIAL (RS)</u>			
Customer Charge	\$6.00	\$1.00	\$7.00
Energy Charge (cents per therm)	39.640	6.709	46.349
<u>GAS LIGHTING (GL)</u>			
Customer Charge	\$0.00	\$0.00	\$0.00
Energy Charge (cents per therm)	29.611	16.738	46.349
<u>COMMERCIAL (CS)</u>			
Customer Charge	\$12.00	\$5.00	\$17.00
Energy Charge (cents per therm)	17.783	2.496	20.259
<u>NATURAL GAS VEHICLE (NGV)</u>			
Customer Charge	\$12.00	\$0.00	\$12.00
Energy Charge (cents per therm)	13.484	0.635	14.119
<u>INTERRUPTIBLE PREFERRED (IP)</u>			
Customer Charge	\$36.00	\$14.00	\$50.00
Energy Charge (cents per therm)	11.628	0.929	12.757
<u>CONTRACT INTERRUPTIBLE PREFERRED (IP)</u>			
Customer Charge	\$36.00	\$14.00	\$50.00
Energy Charge (cents per therm)	11.628	0.929	12.757
<u>INTERRUPTIBLE LARGE VOLUME (IL)</u>			
Customer Charge	\$150.00	\$100.00	\$250.00
Energy Charge (cents per therm)	11.046	-2.794	8.252
<u>CONTRACT INTERRUPTIBLE LARGE VOLUME (CI-LV)</u>			
Customer Charge	\$150.00	\$100.00	\$250.00
Energy Charge (cents per therm)	11.046	-2.794	8.252
<u>LARGE COMMERCIAL SERVICE</u>			
Customer Charge	\$0.00	\$35.00	\$35.00
Energy Charge (cents per therm)	0.000	16.336	16.336
<u>COMMERCIAL TRANSPORTATION (CTS)</u>			
Customer Charge	\$12.00	\$38.00	\$50.00
Energy Charge (cents per therm)	17.783	-1.427	16.336
<u>INTERRUPTIBLE TRANSPORTATION (ITS)</u>			
Customer Charge	\$150.00	\$25.00	\$175.00
Energy Charge (cents per therm)	11.628	0.929	12.757
<u>CONTRACT INTERRUPTIBLE TRANSPORTATION (CI-TS)</u>			
Customer Charge	\$150.00	\$25.00	\$175.00
Energy Charge (cents per therm)	11.628	0.929	12.757
<u>INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (ILT)</u>			
Customer Charge	\$300.00	\$100.00	\$400.00
Energy Charge (cents per therm)	11.046	-2.794	8.252
<u>CONTRACT INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (CI-LVT)</u>			
Customer Charge	\$300.00	\$100.00	\$400.00
Energy Charge (cents per therm)	11.046	-2.794	8.252

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: RESIDENTIAL (RS)

PRESENT RATES

Customer Charge
6.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	39.640

GAS COST CENTS/THERM
42.00

APPROVED RATES

Customer Charge
7.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	46.349

THERM USAGE INCREMENT
10

<u>therm usage</u>	<u>PRESENT</u>		<u>APPROVED</u>		<u>percent increase w/o fuel</u>	<u>percent increase with fuel</u>	<u>Dollar Increase</u>
	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>			
0	6.00	6.00	7.00	7.00	16.67	16.67	1.00
10	9.96	14.16	11.63	15.83	16.77	11.80	1.67
20	13.93	22.33	16.27	24.67	16.81	10.49	2.34
30	17.89	30.49	20.90	33.50	16.84	9.88	3.01
40	21.86	38.66	25.54	42.34	16.85	9.53	3.68
50	25.82	46.82	30.17	51.17	16.86	9.30	4.35
60	29.78	54.98	34.81	60.01	16.87	9.14	5.03
70	33.75	63.15	39.44	68.84	16.88	9.02	5.70
80	37.71	71.31	44.08	77.68	16.88	8.93	6.37
90	41.68	79.48	48.71	86.51	16.89	8.86	7.04
100	45.64	87.64	53.35	95.35	16.89	8.80	7.71
110	49.60	95.80	57.98	104.18	16.89	8.75	8.38
120	53.57	103.97	62.62	113.02	16.90	8.71	9.05
130	57.53	112.13	67.25	121.85	16.90	8.67	9.72
140	61.50	120.30	71.89	130.69	16.90	8.64	10.39
150	65.46	128.46	76.52	139.52	16.90	8.61	11.06
160	69.42	136.62	81.16	148.36	16.90	8.59	11.73
170	73.39	144.79	85.79	157.19	16.90	8.57	12.41
180	77.35	152.95	90.43	166.03	16.90	8.55	13.08
190	81.32	161.12	95.06	174.86	16.91	8.53	13.75

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: GAS LIGHTING (GL)

PRESENT RATES

Customer Charge
0.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	29.611

GAS COST CENTS/THERM
42.00

APPROVED RATES

Customer Charge
0.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	46.349

THERM USAGE INCREMENT
10

therm usage	<u>PRESENT</u>		<u>APPROVED</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	0.00	0.00	0.00	0.00	ERR	ERR	0.00
10	2.96	7.16	4.63	8.83	56.53	23.37	1.67
20	5.92	14.32	9.27	17.67	56.53	23.37	3.35
30	8.88	21.48	13.90	26.50	56.53	23.37	5.02
40	11.84	28.64	18.54	35.34	56.53	23.37	6.70
50	14.81	35.81	23.17	44.17	56.53	23.37	8.37
60	17.77	42.97	27.81	53.01	56.53	23.37	10.04
70	20.73	50.13	32.44	61.84	56.53	23.37	11.72
80	23.69	57.29	37.08	70.68	56.53	23.37	13.39
90	26.65	64.45	41.71	79.51	56.53	23.37	15.06
100	29.61	71.61	46.35	88.35	56.53	23.37	16.74
110	32.57	78.77	50.98	97.18	56.53	23.37	18.41
120	35.53	85.93	55.62	106.02	56.53	23.37	20.09
130	38.49	93.09	60.25	114.85	56.53	23.37	21.76
140	41.46	100.26	64.89	123.69	56.53	23.37	23.43
150	44.42	107.42	69.52	132.52	56.53	23.37	25.11
160	47.38	114.58	74.16	141.36	56.53	23.37	26.78
170	50.34	121.74	78.79	150.19	56.53	23.37	28.45
180	53.30	128.90	83.43	159.03	56.53	23.37	30.13
190	56.26	136.06	88.06	167.86	56.53	23.37	31.80

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: COMMERCIAL (CS)

PRESENT RATES

Customer Charge
12.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	17.763

GAS COST CENTS/THERM
42.00

APPROVED RATES

Customer Charge
17.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	20.259

THERM USAGE INCREMENT
50

<u>therm usage</u>	<u>PRESENT</u>		<u>APPROVED</u>		<u>percent increase w/o fuel</u>	<u>percent increase with fuel</u>	<u>Dollar Increase</u>
	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>			
0	12.00	12.00	17.00	17.00	41.67	41.67	5.00
50	20.88	41.88	27.13	48.13	29.92	14.92	6.25
100	29.76	71.76	37.26	79.26	25.19	10.45	7.50
150	38.64	101.64	47.39	110.39	22.63	8.60	8.74
200	47.53	131.53	57.52	141.52	21.02	7.60	9.99
250	56.41	161.41	67.65	172.65	19.93	6.96	11.24
300	65.29	191.29	77.78	203.78	19.13	6.53	12.49
350	74.17	221.17	87.91	234.91	18.52	6.21	13.74
400	83.05	251.05	98.04	266.04	18.04	5.97	14.98
450	91.93	280.93	108.17	297.17	17.66	5.78	16.23
500	100.82	310.82	118.30	328.30	17.34	5.62	17.48
550	109.70	340.70	128.42	359.42	17.07	5.50	18.73
600	118.58	370.58	138.55	390.55	16.85	5.39	19.98
650	127.46	400.46	148.68	421.68	16.65	5.30	21.22
700	136.34	430.34	158.81	452.81	16.48	5.22	22.47
750	145.22	460.22	168.94	483.94	16.33	5.15	23.72
800	154.10	490.10	179.07	515.07	16.20	5.09	24.97
850	162.99	519.99	189.20	546.20	16.08	5.04	26.22
900	171.87	549.87	199.33	577.33	15.98	4.99	27.46
950	180.75	579.75	209.46	608.46	15.89	4.95	28.71

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

RATE SCHEDULE: NATURAL GAS VEHICLE (NGV)

PRESENT RATES

Customer Charge
 12.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	13.484

APPROVED RATES

Customer Charge
 12.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	14.119

GAS COST CENTS/THERM
 42.00

THERM USAGE INCREMENT
 50

<u>therm usage</u>	<u>PRESENT</u>		<u>APPROVED</u>		<u>percent increase w/o fuel</u>	<u>percent increase with fuel</u>	<u>Dollar Increase</u>
	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>			
0	12.00	12.00	12.00	12.00	0.00	0.00	0.00
50	18.74	39.74	19.06	40.06	1.69	0.80	0.32
100	25.48	67.48	26.12	68.12	2.49	0.94	0.64
150	32.23	95.23	33.18	96.18	2.96	1.00	0.95
200	38.97	122.97	40.24	124.24	3.26	1.03	1.27
250	45.71	150.71	47.30	152.30	3.47	1.05	1.59
300	52.45	178.45	54.36	180.36	3.63	1.07	1.91
350	59.19	206.19	61.42	208.42	3.75	1.08	2.22
400	65.94	233.94	68.48	236.48	3.85	1.09	2.54
450	72.68	261.68	75.54	264.54	3.93	1.09	2.86
500	79.42	289.42	82.60	292.60	4.00	1.10	3.18
550	86.16	317.16	89.65	320.65	4.05	1.10	3.49
600	92.90	344.90	96.71	348.71	4.10	1.10	3.81
650	99.65	372.65	103.77	376.77	4.14	1.11	4.13
700	106.39	400.39	110.83	404.83	4.18	1.11	4.45
750	113.13	428.13	117.89	432.89	4.21	1.11	4.76
800	119.87	455.87	124.95	460.95	4.24	1.11	5.08
850	126.61	483.61	132.01	489.01	4.26	1.12	5.40
900	133.36	511.36	139.07	517.07	4.29	1.12	5.71
950	140.10	539.10	146.13	545.13	4.31	1.12	6.03

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: INTERRUPTIBLE PREFERRED (IP)

PRESENT RATES

Customer Charge
 36.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	11.828

GAS COST CENTS/THERM
 42.00

APPROVED RATES

Customer Charge
 50.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	12.757

THERM USAGE INCREMENT
 50

therm usage	<u>PRESENT</u>		<u>APPROVED</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	36.00	36.00	50.00	50.00	38.89	38.89	14.00
50	41.91	62.91	56.38	77.38	34.51	22.99	14.46
100	47.83	89.83	62.76	104.76	31.21	16.62	14.93
150	53.74	116.74	69.14	132.14	28.64	13.19	15.39
200	59.66	143.66	75.51	159.51	26.58	11.04	15.86
250	65.57	170.57	81.89	186.89	24.89	9.57	16.32
300	71.48	197.48	88.27	214.27	23.48	8.50	16.79
350	77.40	224.40	94.65	241.65	22.29	7.69	17.25
400	83.31	251.31	101.03	269.03	21.26	7.05	17.72
450	89.23	278.23	107.41	296.41	20.38	6.53	18.18
500	95.14	305.14	113.79	323.79	19.60	6.11	18.65
550	101.05	332.05	120.16	351.16	18.91	5.75	19.11
600	106.97	358.97	126.54	378.54	18.30	5.45	19.57
650	112.88	385.88	132.92	405.92	17.75	5.19	20.04
700	118.80	412.80	139.30	433.30	17.26	4.97	20.50
750	124.71	439.71	145.68	460.68	16.81	4.77	20.97
800	130.62	466.62	152.06	488.06	16.41	4.59	21.43
850	136.54	493.54	158.43	515.43	16.04	4.44	21.90
900	142.45	520.45	164.81	542.81	15.70	4.30	22.36
950	148.37	547.37	171.19	570.19	15.38	4.17	22.83

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

**RATE SCHEDULE: CONTRACT INTERRUPTIBLE
 PREFERRED (CI)**

PRESENT RATES

Customer Charge
 36.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	11.828

APPROVED RATES

Customer Charge
 50.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	12.757

GAS COST CENTS/THERM
 42.00

THERM USAGE INCREMENT
 5000

therm usage	<u>PRESENT</u>		<u>APPROVED</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	36.00	36.00	50.00	50.00	38.89	38.89	14.00
5000	627.40	2,727.40	687.85	2,787.85	9.64	2.22	60.45
10000	1,218.80	5,418.80	1,325.70	5,525.70	8.77	1.97	106.90
15000	1,810.20	8,110.20	1,963.55	8,263.55	8.47	1.89	153.35
20000	2,401.60	10,801.60	2,601.40	11,001.40	8.32	1.85	199.80
25000	2,993.00	13,493.00	3,239.25	13,739.25	8.23	1.83	246.25
30000	3,584.40	16,184.40	3,877.10	16,477.10	8.17	1.81	292.70
35000	4,175.80	18,875.80	4,514.95	19,214.95	8.12	1.80	339.15
40000	4,767.20	21,567.20	5,152.80	21,952.80	8.09	1.79	385.60
45000	5,358.60	24,258.60	5,790.65	24,690.65	8.06	1.78	432.05
50000	5,950.00	26,950.00	6,428.50	27,428.50	8.04	1.78	478.50
55000	6,541.40	29,641.40	7,066.35	30,166.35	8.03	1.77	524.95
60000	7,132.80	32,332.80	7,704.20	32,904.20	8.01	1.77	571.40
65000	7,724.20	35,024.20	8,342.05	35,642.05	8.00	1.76	617.85
70000	8,315.60	37,715.60	8,979.90	38,379.90	7.99	1.76	664.30
75000	8,907.00	40,407.00	9,617.75	41,117.75	7.98	1.76	710.75
80000	9,498.40	43,098.40	10,255.60	43,855.60	7.97	1.76	757.20
85000	10,089.80	45,789.80	10,893.45	46,593.45	7.96	1.76	803.65
90000	10,681.20	48,481.20	11,531.30	49,331.30	7.96	1.75	850.10
95000	11,272.60	51,172.60	12,169.15	52,069.15	7.95	1.75	896.55

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME (IL)

PRESENT RATES

Customer Charge
 150.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	11.046

GAS COST CENTS/THERM
 42.00

APPROVED RATES

Customer Charge
 250.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	8.252

THERM USAGE INCREMENT
 5000

therm usage	<u>PRESENT</u>		<u>APPROVED</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	150.00	150.00	250.00	250.00	66.67	66.67	100.00
5000	702.30	2,802.30	662.60	2,762.60	(5.65)	(1.42)	-39.70
10000	1,254.60	5,454.60	1,075.20	5,275.20	(14.30)	(3.29)	-179.40
15000	1,806.90	8,106.90	1,487.80	7,787.80	(17.66)	(3.94)	-319.10
20000	2,359.20	10,759.20	1,900.40	10,300.40	(19.45)	(4.26)	-458.80
25000	2,911.50	13,411.50	2,313.00	12,813.00	(20.56)	(4.46)	-598.50
30000	3,463.80	16,063.80	2,725.60	15,325.60	(21.31)	(4.60)	-738.20
35000	4,016.10	18,716.10	3,138.20	17,838.20	(21.86)	(4.69)	-877.90
40000	4,568.40	21,368.40	3,550.80	20,350.80	(22.27)	(4.76)	-1017.60
45000	5,120.70	24,020.70	3,963.40	22,863.40	(22.60)	(4.82)	-1157.30
50000	5,673.00	26,673.00	4,376.00	25,376.00	(22.86)	(4.86)	-1297.00
55000	6,225.30	29,325.30	4,788.60	27,888.60	(23.08)	(4.90)	-1436.70
60000	6,777.60	31,977.60	5,201.20	30,401.20	(23.26)	(4.93)	-1576.40
65000	7,329.90	34,629.90	5,613.80	32,913.80	(23.41)	(4.96)	-1716.10
70000	7,882.20	37,282.20	6,026.40	35,426.40	(23.54)	(4.98)	-1855.80
75000	8,434.50	39,934.50	6,439.00	37,939.00	(23.66)	(5.00)	-1995.50
80000	8,986.80	42,586.80	6,851.60	40,451.60	(23.76)	(5.01)	-2135.20
85000	9,539.10	45,239.10	7,264.20	42,964.20	(23.85)	(5.03)	-2274.90
90000	10,091.40	47,891.40	7,676.80	45,476.80	(23.93)	(5.04)	-2414.60
95000	10,643.70	50,543.70	8,089.40	47,989.40	(24.00)	(5.05)	-2554.30

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

**RATE SCHEDULE: CONTRACT INTERRUPTIBLE
 LARGE VOLUME (CI-LV)**

PRESENT RATES

APPROVED RATES

Customer Charge
 150.00

Customer Charge
 250.00

Energy Charge

Energy Charge

<u>Beginning</u> <u>therms</u>	<u>Ending</u> <u>therms</u>	<u>cents</u> <u>per therm</u>
0	0	0
0	N/A	11.046

<u>Beginning</u> <u>therms</u>	<u>Ending</u> <u>therms</u>	<u>cents</u> <u>per therm</u>
0	0	0
0	N/A	8.252

GAS COST CENTS/THERM
 42.00

THERM USAGE INCREMENT
 5000

<u>therm</u> <u>usage</u>	<u>PRESENT</u>		<u>APPROVED</u>		<u>percent</u> <u>increase</u> <u>w/o fuel</u>	<u>percent</u> <u>increase</u> <u>with fuel</u>	<u>Dollar</u> <u>Increase</u>
	<u>monthly</u> <u>bill</u> <u>w/o fuel</u>	<u>monthly</u> <u>bill</u> <u>with fuel</u>	<u>monthly</u> <u>bill</u> <u>w/o fuel</u>	<u>monthly</u> <u>bill</u> <u>with fuel</u>			
0	150.00	150.00	250.00	250.00	66.67	66.67	100.00
5000	702.30	2,802.30	662.60	2,762.60	(5.65)	(1.42)	-39.70
10000	1,254.60	5,454.60	1,075.20	5,275.20	(14.30)	(3.29)	-179.40
15000	1,806.90	8,106.90	1,487.80	7,787.80	(17.66)	(3.94)	-319.10
20000	2,359.20	10,759.20	1,900.40	10,300.40	(19.45)	(4.26)	-458.80
25000	2,911.50	13,411.50	2,313.00	12,813.00	(20.56)	(4.46)	-598.50
30000	3,463.80	16,063.80	2,725.60	15,325.60	(21.31)	(4.60)	-738.20
35000	4,016.10	18,716.10	3,138.20	17,838.20	(21.86)	(4.69)	-877.90
40000	4,568.40	21,368.40	3,550.80	20,350.80	(22.27)	(4.76)	-1017.60
45000	5,120.70	24,020.70	3,963.40	22,863.40	(22.60)	(4.82)	-1157.30
50000	5,673.00	26,673.00	4,376.00	25,376.00	(22.86)	(4.86)	-1297.00
55000	6,225.30	29,325.30	4,788.60	27,888.60	(23.08)	(4.90)	-1436.70
60000	6,777.60	31,977.60	5,201.20	30,401.20	(23.26)	(4.93)	-1576.40
65000	7,329.90	34,629.90	5,613.80	32,913.80	(23.41)	(4.96)	-1716.10
70000	7,882.20	37,282.20	6,026.40	35,426.40	(23.54)	(4.98)	-1855.80
75000	8,434.50	39,934.50	6,439.00	37,939.00	(23.66)	(5.00)	-1995.50
80000	8,986.80	42,586.80	6,851.60	40,451.60	(23.76)	(5.01)	-2135.20
85000	9,539.10	45,239.10	7,264.20	42,964.20	(23.85)	(5.03)	-2274.90
90000	10,091.40	47,891.40	7,676.80	45,476.80	(23.93)	(5.04)	-2414.60
95000	10,643.70	50,543.70	8,089.40	47,989.40	(24.00)	(5.05)	-2554.30

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: COMMERCIAL TRANSPORTATION (CTS)

PRESENT RATES

Customer Charge
12.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	17.763

GAS COST CENTS/THERM
0

APPROVED RATES

Customer Charge
50.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	16.336

THERM USAGE INCREMENT
10000

therm usage	<u>PRESENT</u>		<u>APPROVED</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	12.00	12.00	50.00	50.00	316.67	316.67	38.00
10000	1,788.30	1,788.30	1,683.60	1,683.60	(5.85)	(5.85)	-104.70
20000	3,564.60	3,564.60	3,317.20	3,317.20	(6.94)	(6.94)	-247.40
30000	5,340.90	5,340.90	4,950.80	4,950.80	(7.30)	(7.30)	-390.10
40000	7,117.20	7,117.20	6,584.40	6,584.40	(7.49)	(7.49)	-532.80
50000	8,893.50	8,893.50	8,218.00	8,218.00	(7.60)	(7.60)	-675.50
60000	10,669.80	10,669.80	9,851.60	9,851.60	(7.67)	(7.67)	-818.20
70000	12,446.10	12,446.10	11,485.20	11,485.20	(7.72)	(7.72)	-960.90
80000	14,222.40	14,222.40	13,118.80	13,118.80	(7.76)	(7.76)	-1103.60
90000	15,998.70	15,998.70	14,752.40	14,752.40	(7.79)	(7.79)	-1246.30
100000	17,775.00	17,775.00	16,386.00	16,386.00	(7.81)	(7.81)	-1389.00
110000	19,551.30	19,551.30	18,019.60	18,019.60	(7.83)	(7.83)	-1531.70
120000	21,327.60	21,327.60	19,653.20	19,653.20	(7.85)	(7.85)	-1674.40
130000	23,103.90	23,103.90	21,286.80	21,286.80	(7.86)	(7.86)	-1817.10
140000	24,880.20	24,880.20	22,920.40	22,920.40	(7.88)	(7.88)	-1959.80
150000	26,656.50	26,656.50	24,554.00	24,554.00	(7.89)	(7.89)	-2102.50
160000	28,432.80	28,432.80	26,187.60	26,187.60	(7.90)	(7.90)	-2245.20
170000	30,209.10	30,209.10	27,821.20	27,821.20	(7.90)	(7.90)	-2387.90
180000	31,985.40	31,985.40	29,454.80	29,454.80	(7.91)	(7.91)	-2530.60
190000	33,761.70	33,761.70	31,088.40	31,088.40	(7.92)	(7.92)	-2673.30

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: INTERRUPTIBLE TRANSPORTATION (ITS)

PRESENT RATES

Customer Charge
 150.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	11.828

GAS COST CENTS/THERM
 0

APPROVED RATES

Customer Charge
 175.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	12.757

THERM USAGE INCREMENT
 10000

<u>therm usage</u>	<u>PRESENT monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>APPROVED monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>percent increase w/o fuel</u>	<u>percent increase with fuel</u>	<u>Dollar Increase</u>
0	150.00	150.00	175.00	175.00	16.67	16.67	25.00
10000	1,332.80	1,332.80	1,450.70	1,450.70	8.85	8.85	117.90
20000	2,515.60	2,515.60	2,726.40	2,726.40	8.38	8.38	210.80
30000	3,698.40	3,698.40	4,002.10	4,002.10	8.21	8.21	303.70
40000	4,881.20	4,881.20	5,277.80	5,277.80	8.13	8.13	396.60
50000	6,064.00	6,064.00	6,553.50	6,553.50	8.07	8.07	489.50
60000	7,246.80	7,246.80	7,829.20	7,829.20	8.04	8.04	582.40
70000	8,429.60	8,429.60	9,104.90	9,104.90	8.01	8.01	675.30
80000	9,612.40	9,612.40	10,380.60	10,380.60	7.99	7.99	768.20
90000	10,795.20	10,795.20	11,656.30	11,656.30	7.98	7.98	861.10
100000	11,978.00	11,978.00	12,932.00	12,932.00	7.96	7.96	954.00
110000	13,160.80	13,160.80	14,207.70	14,207.70	7.95	7.95	1046.90
120000	14,343.60	14,343.60	15,483.40	15,483.40	7.95	7.95	1139.80
130000	15,526.40	15,526.40	16,759.10	16,759.10	7.94	7.94	1232.70
140000	16,709.20	16,709.20	18,034.80	18,034.80	7.93	7.93	1325.60
150000	17,892.00	17,892.00	19,310.50	19,310.50	7.93	7.93	1418.50
160000	19,074.80	19,074.80	20,586.20	20,586.20	7.92	7.92	1511.40
170000	20,257.60	20,257.60	21,861.90	21,861.90	7.92	7.92	1604.30
180000	21,440.40	21,440.40	23,137.60	23,137.60	7.92	7.92	1697.20
190000	22,623.20	22,623.20	24,413.30	24,413.30	7.91	7.91	1790.10

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

**RATE SCHEDULE: CONTRACT INTERRUPTIBLE
 TRANSPORTATION (CI-TS)**

PRESENT RATES

Customer Charge
 150.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	11.828

APPROVED RATES

Customer Charge
 175.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	12.757

GAS COST CENTS/THERM
 0

THERM USAGE INCREMENT
 10000

<u>therm usage</u>	<u>PRESENT</u>		<u>APPROVED</u>		<u>percent increase w/o fuel</u>	<u>percent increase with fuel</u>	<u>Dollar increase</u>
	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>			
0	150.00	150.00	175.00	175.00	16.67	16.67	25.00
10000	1,332.80	1,332.80	1,450.70	1,450.70	8.85	8.85	117.90
20000	2,515.60	2,515.60	2,726.40	2,726.40	8.38	8.38	210.80
30000	3,698.40	3,698.40	4,002.10	4,002.10	8.21	8.21	303.70
40000	4,881.20	4,881.20	5,277.80	5,277.80	8.13	8.13	396.60
50000	6,064.00	6,064.00	6,553.50	6,553.50	8.07	8.07	489.50
60000	7,246.80	7,246.80	7,829.20	7,829.20	8.04	8.04	582.40
70000	8,429.60	8,429.60	9,104.90	9,104.90	8.01	8.01	675.30
80000	9,612.40	9,612.40	10,380.60	10,380.60	7.99	7.99	768.20
90000	10,795.20	10,795.20	11,656.30	11,656.30	7.98	7.98	861.10
100000	11,978.00	11,978.00	12,932.00	12,932.00	7.96	7.96	954.00
110000	13,160.80	13,160.80	14,207.70	14,207.70	7.95	7.95	1046.90
120000	14,343.60	14,343.60	15,483.40	15,483.40	7.95	7.95	1139.80
130000	15,526.40	15,526.40	16,759.10	16,759.10	7.94	7.94	1232.70
140000	16,709.20	16,709.20	18,034.80	18,034.80	7.93	7.93	1325.60
150000	17,892.00	17,892.00	19,310.50	19,310.50	7.93	7.93	1418.50
160000	19,074.80	19,074.80	20,586.20	20,586.20	7.92	7.92	1511.40
170000	20,257.60	20,257.60	21,861.90	21,861.90	7.92	7.92	1604.30
180000	21,440.40	21,440.40	23,137.60	23,137.60	7.92	7.92	1697.20
190000	22,623.20	22,623.20	24,413.30	24,413.30	7.91	7.91	1790.10

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

**RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME
 TRANSPORTATION (ILT)**

PRESENT RATES

APPROVED RATES

Customer Charge
 300.00

Customer Charge
 400.00

Energy Charge

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	11.046

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	8.252

GAS COST CENTS/THERM
 0

THERM USAGE INCREMENT
 10000

<u>therm usage</u>	<u>PRESENT</u>		<u>APPROVED</u>		<u>percent increase w/o fuel</u>	<u>percent increase with fuel</u>	<u>Dollar Increase</u>
	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>			
0	300.00	300.00	400.00	400.00	33.33	33.33	100.00
10000	1,404.60	1,404.60	1,225.20	1,225.20	(12.77)	(12.77)	-179.40
20000	2,509.20	2,509.20	2,050.40	2,050.40	(18.28)	(18.28)	-458.80
30000	3,613.80	3,613.80	2,875.60	2,875.60	(20.43)	(20.43)	-738.20
40000	4,718.40	4,718.40	3,700.80	3,700.80	(21.57)	(21.57)	-1017.60
50000	5,823.00	5,823.00	4,526.00	4,526.00	(22.27)	(22.27)	-1297.00
60000	6,927.60	6,927.60	5,351.20	5,351.20	(22.76)	(22.76)	-1576.40
70000	8,032.20	8,032.20	6,176.40	6,176.40	(23.10)	(23.10)	-1855.80
80000	9,136.80	9,136.80	7,001.60	7,001.60	(23.37)	(23.37)	-2135.20
90000	10,241.40	10,241.40	7,826.80	7,826.80	(23.58)	(23.58)	-2414.60
100000	11,346.00	11,346.00	8,652.00	8,652.00	(23.74)	(23.74)	-2694.00
110000	12,450.60	12,450.60	9,477.20	9,477.20	(23.88)	(23.88)	-2973.40
120000	13,555.20	13,555.20	10,302.40	10,302.40	(24.00)	(24.00)	-3252.80
130000	14,659.80	14,659.80	11,127.60	11,127.60	(24.09)	(24.09)	-3532.20
140000	15,764.40	15,764.40	11,952.80	11,952.80	(24.18)	(24.18)	-3811.60
150000	16,869.00	16,869.00	12,778.00	12,778.00	(24.25)	(24.25)	-4091.00
160000	17,973.60	17,973.60	13,603.20	13,603.20	(24.32)	(24.32)	-4370.40
170000	19,078.20	19,078.20	14,428.40	14,428.40	(24.37)	(24.37)	-4649.80
180000	20,182.80	20,182.80	15,253.60	15,253.60	(24.42)	(24.42)	-4929.20
190000	21,287.40	21,287.40	16,078.80	16,078.80	(24.47)	(24.47)	-5208.60

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

**RATE SCHEDULE: CONTRACT INTERRUPTIBLE LARGE VOLUME
 TRANSPORTATION (CI-LVT)**

PRESENT RATES

Customer Charge
 300.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	11.046

GAS COST CENTS/THERM
 0

APPROVED RATES

Customer Charge
 400.00

Energy Charge

<u>Beginning therms</u>	<u>Ending therms</u>	<u>cents per therm</u>
0	0	0
0	N/A	8.252

THERM USAGE INCREMENT
 10000

<u>therm usage</u>	<u>PRESENT</u>		<u>APPROVED</u>		<u>percent increase w/o fuel</u>	<u>percent increase with fuel</u>	<u>Dollar Increase</u>
	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>	<u>monthly bill w/o fuel</u>	<u>monthly bill with fuel</u>			
0	300.00	300.00	400.00	400.00	33.33	33.33	100.00
10000	1,404.60	1,404.60	1,225.20	1,225.20	(12.77)	(12.77)	-179.40
20000	2,509.20	2,509.20	2,050.40	2,050.40	(18.28)	(18.28)	-458.80
30000	3,613.80	3,613.80	2,875.60	2,875.60	(20.43)	(20.43)	-738.20
40000	4,718.40	4,718.40	3,700.80	3,700.80	(21.57)	(21.57)	-1017.60
50000	5,823.00	5,823.00	4,526.00	4,526.00	(22.27)	(22.27)	-1297.00
60000	6,927.60	6,927.60	5,351.20	5,351.20	(22.76)	(22.76)	-1576.40
70000	8,032.20	8,032.20	6,176.40	6,176.40	(23.10)	(23.10)	-1855.80
80000	9,136.80	9,136.80	7,001.60	7,001.60	(23.37)	(23.37)	-2135.20
90000	10,241.40	10,241.40	7,826.80	7,826.80	(23.58)	(23.58)	-2414.60
100000	11,346.00	11,346.00	8,652.00	8,652.00	(23.74)	(23.74)	-2694.00
110000	12,450.60	12,450.60	9,477.20	9,477.20	(23.88)	(23.88)	-2973.40
120000	13,555.20	13,555.20	10,302.40	10,302.40	(24.00)	(24.00)	-3252.80
130000	14,659.80	14,659.80	11,127.60	11,127.60	(24.09)	(24.09)	-3532.20
140000	15,764.40	15,764.40	11,952.80	11,952.80	(24.18)	(24.18)	-3811.60
150000	16,869.00	16,869.00	12,778.00	12,778.00	(24.25)	(24.25)	-4091.00
160000	17,973.60	17,973.60	13,603.20	13,603.20	(24.32)	(24.32)	-4370.40
170000	19,078.20	19,078.20	14,428.40	14,428.40	(24.37)	(24.37)	-4649.80
180000	20,182.80	20,182.80	15,253.60	15,253.60	(24.42)	(24.42)	-4929.20
190000	21,287.40	21,287.40	16,078.80	16,078.80	(24.47)	(24.47)	-5208.60

**COST OF SERVICE SUMMARY
 RATE COMPARISON**

ATTACHMENT 7

COMPANY: CITY GAS COMPANY
 DOCKET NO. 960502-GU

RATE SCHEDULE: LARGE COMMERCIAL SERVICE (LCS)

PRESENT RATES

Customer Charge
0.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	0.000

APPROVED RATES

Customer Charge
35.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	16.336

GAS COST CENTS/THERM
42.00

THERM USAGE INCREMENT
10000

therm usage	<u>PRESENT</u>		<u>APPROVED</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	0.00	0.00	35.00	35.00	ERR	ERR	35.00
10000	0.00	4,200.00	1,668.60	5,868.60	ERR	39.73	1668.60
20000	0.00	8,400.00	3,302.20	11,702.20	ERR	39.31	3302.20
30000	0.00	12,600.00	4,935.80	17,535.80	ERR	39.17	4935.80
40000	0.00	16,800.00	6,569.40	23,369.40	ERR	39.10	6569.40
50000	0.00	21,000.00	8,203.00	29,203.00	ERR	39.06	8203.00
60000	0.00	25,200.00	9,836.60	35,036.60	ERR	39.03	9836.60
70000	0.00	29,400.00	11,470.20	40,870.20	ERR	39.01	11470.20
80000	0.00	33,600.00	13,103.80	46,703.80	ERR	39.00	13103.80
90000	0.00	37,800.00	14,737.40	52,537.40	ERR	38.99	14737.40
100000	0.00	42,000.00	16,371.00	58,371.00	ERR	38.98	16371.00
110000	0.00	46,200.00	18,004.60	64,204.60	ERR	38.97	18004.60
120000	0.00	50,400.00	19,638.20	70,038.20	ERR	38.96	19638.20
130000	0.00	54,600.00	21,271.80	75,871.80	ERR	38.96	21271.80
140000	0.00	58,800.00	22,905.40	81,705.40	ERR	38.95	22905.40
150000	0.00	63,000.00	24,539.00	87,539.00	ERR	38.95	24539.00
160000	0.00	67,200.00	26,172.60	93,372.60	ERR	38.95	26172.60
170000	0.00	71,400.00	27,806.20	99,206.20	ERR	38.94	27806.20
180000	0.00	75,600.00	29,439.80	105,039.80	ERR	38.94	29439.80
190000	0.00	79,800.00	31,073.40	110,873.40	ERR	38.94	31073.40

City Gas Company of Florida
 Projected 1997 Advertising Expenses

	Total Cost	% Non-Regulated	Requested Non-Reg. Amount	Regulated Amount	% Non-Regulated	Approved Non-Reg. Amount	Regulated Amount	Difference
Bill Inserts	\$36,000	50.00%	\$18,000	\$18,000	60.00%	\$21,600	\$14,400	\$3,600
Radio Spots	83,252	16.67%	13,878	69,374	22.92%	19,081	64,171	5,203
Print	47,938	33.33%	15,978	31,960	38.33%	18,375	29,563	2,397
Cable	23,000	0.00%	0	23,000	38.33%	8,816	14,184	8,816
Billboards	28,020	0.00%	0	28,020	22.00%	6,164	21,856	6,164
Folders/Inserts	14,000	0.00%	0	14,000	0.00%	0	14,000	0
Maps	2,100	0.00%	0	2,100	1.79%	38	2,062	38
Other	15,000	0.00%	0	15,000	25.00%	3,750	11,250	3,750
TOTAL	\$249,310	19.20%	\$47,856	\$201,454	38.63%	\$77,824	\$171,486	\$29,968
Percentage Company Requested for Recovery				51.79%			51.79%	51.79%
Non-Utility Amounts				\$104,338			\$88,817	\$15,521

<u>Fort Pierce</u> September 1994 in dollars			
	Company Requested	Commission Approved	Difference (1 - 2)
Original Cost	115,000	167,811	(52,811)
Accum. Depreciation	0	(4,989)	4,989
Net Book Value	115,000	162,822	(47,822)
Purchase Price	149,800	115,000	34,800
Acquisition Adj.	34,800	(47,822)	82,622

<u>Western Energy</u> January 1993 in dollars			
	Company Requested	Commission Approved	Difference (1 - 2)
Original Cost	700,000	699,284	716
Accum. Depreciation	0	(46,691)	46,691
Net Book Value	700,000	652,593	47,407
Purchase Price	700,000	700,000	0
Acquisition Adj.	-0-	47,407	(47,407)

<u>Consolidated Gas</u> February 1991 in dollars			
	Company Requested	Commission Approved	Difference (1 - 2)
Original Cost	710,000	1,357,896	(647,896)
Accum. Depreciation	0	(851,487)	851,487
Net Book Value	710,000	506,409	203,591
Purchase Price	710,000	710,000	0
Acquisition Adj.	-0-	203,591	(203,591)

<u>Fort Pierce</u> September 30, 1997 in dollars			
	Company Requested	Commission Approved	Adjustment (2 - 1)
13-Month Average Rate Base			
Original Cost	115,000	167,811	52,811
Accumulated Depreciation	(8,339)	(17,545)	(9,206)
Net Plant	106,661	150,266	43,605
Acquisition Adjustment	0	(47,822)	(47,822)
Accumulated Amortization	0	(3,067)	(3,067)
Net Acquisition Adjustment	-0-	(44,755)	(44,755)
Expense			
Depreciation Expense	3,336	5,022	1,686
Amortization Expense	0	(1,227)	(1,227)
Total Deprec. & Amort.	3,336	3,795	459

Western Energy			
September 30, 1997			
in dollars			
	Company Requested	Commission Approved	Adjustment (2 - 1)
13-Month Average Rate Base			
Original Cost	700,000	699,284	(716)
Accumulated Depreciation	(77,115)	(135,951)	(58,836)
Net Plant	622,885	563,333	(59,552)
Acquisition Adjustment	0	47,407	47,407
Accumulated Amortization	0	(5,166)	(5,166)
Net Acquisition Adjustment	-0-	42,241	42,241
Expense			
Depreciation Expense	20,467	21,080	613
Amortization Expense	0	1,216	1,216
Total Deprec. & Amort.	20,467	22,296	1,829

Consolidated Gas			
September 30, 1997			
in dollars			
	Company Requested	Commission Approved	Adjustment (2 - 1)
13-Month Average Rate Base			
Original Cost	710,000	1,357,896	647,896
Accumulated Depreciation	(139,564)	(1,128,745)	(989,181)
Net Plant	570,436	229,151	(341,285)
Acquisition Adjustment	0	203,591	203,591
Accumulated Amortization	0	(33,932)	(33,932)
Net Acquisition Adjustment	-0-	169,659	169,659
Expense			
Depreciation Expense	23,612	46,619	23,007
Amortization Expense	0	5,502	5,502
Total Deprec. & Amort.	23,612	52,121	28,509