

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a rate increase  
by the Florida Division of  
Chesapeake Utilities Corporation

Docket No. 000108-GU

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SECOND REQUEST FOR OFFICIAL RECOGNITION OR NOTICE

The Florida Division of Chesapeake Utilities Corporation, by and through undersigned counsel, and pursuant to Section 90.202(2) and (12), and 90.203, Florida Statutes, and generally accepted Commission practice, requests that the Commission take notice of and officially recognize the following Commission orders:

1. Order No. 94-1456-PCO-GU (November 29, 1994) and Order No. 94-1570-FOF-GU (December 19, 1994), issued in Docket No. 940276-GU, Application for a rate increase by City Gas Company.
2. Order No. PSC-95-0518-FOF-GU (April 26, 1995), issued in Docket No. 940620-GU, Application for rate increase by Florida Public Utilities Company.

Attached are copies of the foregoing orders as published in the FPSC Reporter.

The Florida Division further requests that the Commission take notice of and officially recognize the following documents as filed with the Commission:

3. Document No. 11586 (November 16, 1994), and pages 193-194 and 317 of the November 29, 1994, hearing transcript, as filed in Docket No. 940276-GU.
4. Documents Nos. 01475 (February 8, 1995) and 02197 (February 24, 1995), as filed in Docket No. 940620-GU.

The undersigned counsel has consulted with Staff Counsel who indicated that Staff would not oppose this Request.

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**Attorney for the Florida Division of  
Chesapeake Utilities Corporation**

### **CERTIFICATE OF SERVICE**

**I hereby certify that a true and correct copy of the foregoing has been hand-delivered to Robert V. Elias, Esq., Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, this 10<sup>th</sup> day of October, 2000.**



**Wayne L. Schiefelbein**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate  
increase by CITY GAS COMPANY  
OF FLORIDA.

DOCKET NO. 940276-GU  
ORDER NO. PSC-94-1456-PCO-GU  
ISSUED: November 29, 1994

94-1455-PHO-GU  
976-GU

**COST OF SERVICE SUMMARY  
RATE COMPARISON**

ATTACHMENT  $\beta$

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

PROPOSED RATES

Customer Charge  
150.00

Energy Charge

ending terms	cents per therm	Beginning therms	Ending therms	cents per therm
0	0	0	0	0
N/A	9.341	0	N/A	11.046

COST CENTS/THERM 0      THERM USAGE INCREMENT  
10000

monthly bill w/ fuel	<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel			
150.00	150.00	150.00	0.00	0.00	0.00
1,084.10	1,254.60	1,254.60	15.73	15.73	170.50
2,018.20	2,359.20	2,359.20	16.90	16.90	341.00
2,952.30	3,463.80	3,463.80	17.33	17.33	511.50
3,886.40	4,568.40	4,568.40	17.55	17.55	682.00
4,820.50	5,673.00	5,673.00	17.68	17.68	852.50
5,754.60	6,777.60	6,777.60	17.78	17.78	1023.00
6,688.70	7,882.20	7,882.20	17.84	17.84	1193.50
7,622.80	8,986.80	8,986.80	17.89	17.89	1364.00
8,556.90	10,091.40	10,091.40	17.93	17.93	1534.50
9,491.00	11,196.00	11,196.00	17.96	17.96	1705.00
10,425.10	12,300.60	12,300.60	17.99	17.99	1875.50
11,359.20	13,405.20	13,405.20	18.01	18.01	2046.00
12,293.30	14,509.80	14,509.80	18.03	18.03	2216.50
13,227.40	15,614.40	15,614.40	18.05	18.05	2387.00
14,161.50	16,719.00	16,719.00	18.06	18.06	2557.50
15,095.60	17,823.60	17,823.60	18.07	18.07	2728.00
16,029.70	18,928.20	18,928.20	18.08	18.08	2898.50
16,963.80	20,032.80	20,032.80	18.09	18.09	3069.00
17,897.90	21,137.40	21,137.40	18.10	18.10	3239.50

**ORDER REGARDING CITY GAS COMPANY OF FLORIDA'S  
MOTION FOR SUSPENSION OF CASE SCHEDULE AND  
ORE TENUS MOTION FOR LEAVE  
TO FILE SUPPLEMENTAL TESTIMONY**

BY THE COMMISSION:

On November 4, 1994, City Gas Company of Florida (City Gas or Company) filed a Motion for Suspension of Case Schedule. At the prehearing conference held on November 9, 1994, the Company withdrew its Motion for Suspension of Case Schedule and in its stead the Company made an ore tenus Motion for Leave to File Supplemental Testimony. As a basis for that motion, the Company asserts that recent decisions and actions by NUI Corporation have impacted its projections for fiscal year 1995, the test year for this rate proceeding. Therefore, City Gas contends that it should be allowed to supplement its original filing so that the case before the Commission is more representative of the Company's financial condition. The supplemental testimony will be limited to documenting the impact of recent decisions by NUI and incorporating certain discrete adjustments to the Company's minimum filing requirements. Staff does not object to the ore tenus motion.

Upon consideration of the arguments of counsel, the Company's ore tenus motion to supplement its original filing is granted. Accordingly, City Gas shall file supplemental testimony on November 16, 1994, and the case shall proceed to hearing on November 29, 1994.

Based on the foregoing,

It is ORDERED that City Gas Company of Florida shall file supplemental testimony, as discussed in the body of this Order, on November 16, 1994.

By ORDER of Commissioner Diane K. Kiesting, as Prehearing Officer, this 29th day of November, 1994.

DIANE K. KIESLING, Commissioner and  
Prehearing Officer

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate increase by CITY GAS COMPANY OF FLORIDA.

DOCKET NO. 940276-GU  
ORDER NO. PSC-94-1570-FOF-GU  
ISSUED: 12/19/94

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK  
JULIA L. JOHNSON  
DIANE K. KIESLING

APPEARANCES:

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On behalf of City Gas Company of Florida.

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On behalf of the Commission Staff.

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On behalf of the Commissioners.

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ORDER GRANTING CERTAIN INCREASES

## BY THE COMMISSION:

PURSUANT TO NOTICE, the Florida Public Service Commission held a public hearing on this matter in Tallahassee, Florida, on November 29, 1994. Having considered the record in this proceeding, the Commission now enters its Final Order.

BACKGROUND

This proceeding was initiated on May 20, 1994, when, pursuant to the provisions of Section 366.06, Florida Statutes, City Gas Company of Florida ("City Gas" or the "Company") an operating division of NUI Corporation (NUI), filed its petition and Minimum Filing Requirements (MFRs), requesting authority to increase its rates and charges. The proposed rates were designed to generate a revenue increase of \$8,594,727 based on a 13-month average rate base of \$106,204,953 for the projected test year ending September 30, 1995. By Commission Order No. PSC-94-0957-FOF-GU, issued August 9, 1994, this Commission suspended the utility's proposed permanent rates, but granted an interim increase of \$260,179 based on a 13-month average rate base for the 12-month test period ending September 30, 1993.

Customer Service hearings were held in Hialeah, Florida, on September 28, 1994, and in Titusville, Florida, on October 17, 1994.

At the hearing on November 29, 1994, the Company announced that in the interests of settlement, it had agreed with Staff's positions as to the issues set forth in the Prehearing Order. Therefore, all factual issues in this proceeding have been stipulated. The stipulation was accepted and approved at the hearing.

I. STIPULATED TEST YEAR RATE BASE  
ATTACHMENT 1

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. The stipulated test-year rate base for City Gas is \$82,638,219, including the adjustments shown below.

1) Treasure Coast Expansion

Plant was reduced by \$1,106,298 and Accumulated Depreciation by \$69,255, Depreciation Expense by \$43,185, and Property Taxes to reflect the addition of the Treasure Coast gate station land and distribution system. Based on projected revenues, the Treasure Coast expansion is not fully justified at this time. The effect of the adjustments is to place approximately \$2.3 million, calculated as depicted below, of the Treasure Coast infrastructure investment in rate base. This amount includes the essential gate station, the portion of primary feeders justified by current economic feasibility criteria, and the portion

of the residential services connections corresponding to the Company's average embedded cost per service. The Company's agreement on this issue is for the purpose of settlement only and is without prejudice to request inclusion of additional portions of the investment in the future as development continues and as circumstances warrant.

Rate Base Amount

Gate Station	\$ 487,000
St. Lucie River Crossing	130,897
6" Village Green Main	173,463
6" U.S. 1 South To Port	
St. Lucie	110,000
6" St. Lucie Blvd.	677,022
Residential Services	587,444 (*)
Fort Pierce Acquisition	<u>115,000</u>
	\$2,289,542

(\*) This amount was developed by Staff by multiplying 572 Services by \$1027, the average imbedded investment in plant for services.

2) Ft. Pierce Utilities Authority Purchase

Plant was increased by \$97,307, Accumulated Depreciation by \$1,601, and Depreciation Expense by \$3,201 to recognize the purchase of assets from the Ft. Pierce Utilities Authority (FPUA). City Gas paid \$149,800 to FPUA as settlement for a territorial dispute, including \$34,800 for lost revenues. Therefore, only \$115,000, the purchase price for the assets, is allowed in rate base. Before the Company's next rate case or depreciation study, the Company should perform an engineering valuation study, to determine the appropriate original cost and accumulated depreciation of the purchased assets, as well as to determine the appropriate plant account classifications for those assets.

3) Airport Compressed Natural Gas Fill Station

An adjustment was made to remove the cost to construct a compressed natural gas (CNG) fill station at the Miami Airport. The CNG Plant is considered non-utility, therefore Plant was reduced by \$300,000, Accumulated Depreciation by \$9,300, and Depreciation Expense by \$18,600.

4) Melbourne Gate Station

An adjustment was made to reduce Plant by \$25,000 to remove land for a Melbourne Gate Station that will not be purchased in fiscal year 1995.

5) Wickham Rd. Station

An adjustment was made to reduce Plant by \$300,000, Accumulated Depreciation by \$4,650 and Depreciation Expense by \$9,300 to remove overprojected costs of a new gate station in the Brevard Division at I 95 & Wickham Rd.

6) Unsupported Minimums

An adjustment was made to remove unsupported minimums in the 1994 construction budget. Rate base was reduced by \$451,553, Accumulated Depreciation by \$30,739, and Depreciation Expense by \$40,819.

7) Service Regulators

No adjustment is necessary. The particular regulators in question have been in service since the 1960's and have been specifically targeted for replacement in conjunction with the periodic meter change-out program.

8) Plant Additions

Plant additions for the Brevard HP Loop, Rockledge Office Building, Refocused Expansion and Telemetry Equipment were reduced by \$3,671,000, Accumulated Depreciation by \$57,004 and Depreciation Expense by \$111,188, due to the Company's budget revisions.

9) Free Appliances

To be consistent with Commission Order No. 24013, Docket No. 891175-GU, free appliances were removed from rate base. Account 186.1 was reduced by \$748,550, net of amortization, and amortization expense was reduced by \$89,928.

10) Acquisition Adjustment

A. For ratemaking purposes, the appropriate amount of the NUI acquisition adjustment is zero. Any acquisition adjustment should be amortized below the line. In addition, depreciation and amortization expense should be reduced by \$985,092. The Company's agreement on this issue is for the purpose of settlement only. The Company reserves the right to seek recovery of the acquisition adjustment and related amortization expense in the future, if warranted.

B. The appropriate amount of the Miller Gas acquisition adjustment is (\$221,067) (negative acquisition adjustment). It was properly included in rate base.

C. Consolidated Gas, a liquid propane system, was acquired by City Gas with the intent to convert the system to natural gas. No adjustment is necessary at this time, however, before the Company's next rate case or depreciation study, the Company should



perform an engineering valuation study, to determine the appropriate original cost and accumulated depreciation of the purchased assets, as well as to determine the appropriate plant account classifications for those assets.

D. An adjustment was made for City Gas' purchase of a liquid propane system from Western Energy in January, 1993, which was also acquired with the intent to convert the system to natural gas. Rate base was reduced by \$566,411, Accumulated Depreciation by \$35,455 and Depreciation Expense by \$22,109. Staff determined the appropriate rate base amount for this purchase is \$212,589, which was calculated by multiplying the average imbedded plant per service of \$1027 by the 207 active services on the Western Energy system. The plant amount not included at this time can be recovered when justified and approved by the Commission. Before the Company's next rate case or depreciation study, the Company should perform an engineering valuation study, to determine the appropriate original cost and accumulated depreciation of the purchased assets, as well as to determine the appropriate plant account classifications for those assets. The Company's agreement on this issue is for the purpose of settlement only and is without prejudice to request inclusion of additional portions of the investment in the future, as circumstances warrant.

E. No adjustment was made for the buildings and land on East 25th Street that were purchased from Essel Corporation.

11) Computer Purchases

An adjustment was made to rate base and net operating income to account for corrections related to computer equipment purchases in the test year. Plant was reduced by \$105,300, Accumulated Depreciation by \$32,552 and Depreciation Expense by \$16,637.

12) Allocation of Nonutility Operations

An adjustment was made to rate base and net operating income for the allocation of nonutility operations. Plant was reduced by \$247,282, Accumulated Depreciation by \$85,138, Depreciation Expense by \$12,266, Working Capital by \$26,946, Administrative & General expense by \$129,055 and Taxes Other by \$2,500.

13) Leased Appliances

Leased appliances are nonjurisdictional and, therefore were excluded from rate base and net operating income. An adjustment was made to remove \$22,929,238 from Plant, \$7,802,308 from Accumulated Depreciation, \$60,000 from working capital, \$1,869,094 from Depreciation Expense, and \$234,779 from Operating & Maintenance Expense.

14) Depreciation Reserve

The appropriate projected test year Depreciation Reserve is \$42,711,890, which includes the increases and decreases to Accumulated Depreciation discussed in the

preceding adjustments. In addition, Depreciation Reserve was decreased by \$5,448 to correct an overamortization of a prospective deficit addressed in Commission Orders No. 13538 and 21108. Depreciation Reserve was also increased by \$191,470 to reflect new depreciation rates approved in Order No. PSC-94-1292-FOF-GU.

15) Hurricane Costs

For purposes of settlement, City Gas agrees with Staff's recommendation that \$839,951 of hurricane costs be amortized monthly over the five-year period beginning with fiscal year ending September 30, 1992, and ending September 30, 1996. The annual amount of amortization is \$179,042. The unamortized amount was not included in rate base. Projected test year expense was reduced by \$119,364, and Working Capital reduced by \$745,998. The Company should have requested approval by the Commission before it deferred these costs. On a prospective basis, deferrals of current expense, creating a regulatory asset, should not be booked unless an order is issued by the Commission, specific to utility. Each deferral should be analyzed on a case-by-case basis.

16. Working Capital

The appropriate projected test year Working Capital Allowance is \$4,726,356, which includes the increases and increases to working capital discussed in other adjustments. (See Attachment 1A). In addition, conservation was properly removed from working capital, therefore no adjustment is necessary. However, because fuel was not properly removed from rate base and net operating income, working capital was reduced by \$323,327 to account for over-recovery. Working capital was also reduced by \$2,829 and expenses by \$18,389 to disallow 40.48% of American Gas Association dues which were related to lobbying and advertising that did not meet the criteria of being informational or education in nature. Working Capital was further reduced by \$41,904 to correct an error in projecting Materials & Supplies.

II. STIPULATED TEST-YEAR NET OPERATING INCOME  
ATTACHMENT 2

Once a rate base is established, the next step is to determine the utility's Net Operating Income (NOI) for the test year. After NOI is determined, it can be related to the test-year rate base to develop the rate of return for the test period. The stipulated test-year NOI for City Gas is \$5,028,811, includes the following adjustments.

1) The appropriate amount of projected test year total Operating Revenues is \$26,461,714, as depicted below. Based on the adjusted revenues, Working Capital was increased by \$10,121 and expenses reduced by \$20,243.

Total Revenue	\$59,180,886
Less Fuel	29,986,641
Less Leased Appliances	2,176,308

Plus Reg. Assess Fee adj. for fuel	112,450
Budget Revisions	<u>(668,673)</u>
Total Operating Revenue	\$26,461,714

2) To remove Chamber of Commerce dues and other membership dues from expenses, Account 930 was reduced by \$9,186.

3) Expenses were reduced by \$88,168 to correct an error in trending prior Rate Case Expense. Current rate case expense of \$485,000 should be amortized over a three-year period, beginning with the month the new rates go into effect.

4) An adjustment was made to reduce Payroll Expense by \$650,000 and Benefits by \$162,500 for a total reduction of \$812,500 due to budget revisions. Salaries and benefits were further reduced by \$100,000 for the estimated effect of the president's intent to resign.

5) Leveraged Employee Stock Ownership Plan (LESOP) expense was reduced by \$198,469, which represents one year's loan payments on the LESOP debt.

6) Income tax expense should be reduced by \$93,454 to reflect the tax benefit of the dividends paid on shares held by the LESOP trust.

7) Salary Expense was reduced by \$67,772 and other expenses by \$11,183 for a total adjustment of \$78,955 to account for an executive who worked part-time.

8) The allocations to City Gas, of expenses incurred by the NUI corporate office and Elizabethtown Gas, were reasonable, therefore no adjustment was made.

9) Account 921 was reduced by \$13,506 to remove amounts double-counted in both the forecasts of charges from affiliates and of the management fee charge.

10) Account 881, Rents, was reduced by \$901 to remove payments to HCA Medical Center for the lease of a propane tank.

11) The Company incurred legal fees in the defense of a lawsuit involving an employee who was terminated for sexual harassment be disallowed in the test year. For settlement purposes, the Company accepts Staff's recommendation that only one third of the expenses be allowed. Therefore, Account 923 was reduced by \$19,694 to disallow the remainder of the legal expenses.

12) Account 921 was reduced by \$3,302 to disallow certain business meals and entertainment which were not necessary for the provision of utility service.

13) Pension expense was reduced by \$244,733 based on the latest actuarial report.

14) Account 930 was reduced by \$5,010 for contributions and advertising expenses incurred by the Company which do not pertain to natural gas operations.

15) An adjustment should be made for the NUI/City Gas Joint Board Meeting, therefore expenses were reduced by \$2,123 to remove a management fee that was inappropriately trended.

16) Account 926.5 was reduced by \$50,410 to remove employee activities such as picnics, parties, and awards.

17) Expenses were reduced by \$10,281 to remove lease payments made for luxury automobiles.

18) An adjustment should be made to insurance expense to reflect actual claims. Therefore, expenses were reduced by \$77,391 and Working Capital was increased by \$38,696.

19) Meter and regulator change-out expense was reduced by \$108,248, based on a 4-year average of the number of meters changed-out.

20) The Company has not justified its benchmark variance in the Sales functional area. Therefore, Account 912 was reduced by \$15,717 for promotional activities such as specialty items and participation in trade shows and home shows. In addition, Account 913 was reduced by \$3,660 for advertising related to the company's leased appliance program for a total reduction to expenses of \$19,377.

21) The appropriate trend factors are shown in Attachment 2A. Based on the application of these factors, expenses were reduced by \$117,057 to correct an error in trending Account 921, Office Supplies.

22) The appropriate amount of projected test year O&M Expense is \$15,090,934 as shown in Attachment 2A.

23) The appropriate amount of projected test-year Depreciation and Amortization Expense is \$4,166,737, which includes the increases and decreases reflected in the preceding adjustments. In addition, the projected test-year Depreciation and Amortization Expense was increased by \$89,474 to reflect the new depreciation rates approved in Order No. PSC-94-1292-FOF-GU.

24) Property Taxes were reduced by \$139,334 (2.248% of plant reductions) and by \$2,500 for the adjustment to rate base relating to the allocation of nonutility operations. Payroll taxes were reduced by \$4,173 based upon other adjustments. As a result of these adjustments, the appropriate amount of Taxes-Other Than Income Taxes is \$1,403,343.

25) Income tax expense was reduced by \$93,454 for the tax benefits from dividends paid on LESOP stock, increased by \$58,513 for interest reconciliation and increased by \$1,136,486 for the tax effect of other adjustments, resulting in income tax expense of \$771,889. Further, Income tax adjustments should be made to reflect the depreciation rates approved in the 1994 depreciation represcription proceeding, Docket No. 940161-GU. These adjustments will be made in the surveillance reports, based upon supporting calculations which the Company will provide within 30 days from the date of the order in this docket.

26) Because the NUI consolidated capital structure is being used, Staff recommended that a parent-debt adjustment was not necessary. The Company agrees with the result of Staff's recommendation. It is the Company's view that because City Gas is now part of a single corporate entity, no parent-debt adjustment would be appropriate in any event.

### III. STIPULATED CAPITAL STRUCTURE, COST OF CAPITAL AND RELATED ISSUES - ATTACHMENT 3

#### 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 a 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 costs 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 the 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. In this docket, these issues were all stipulated, as set forth below.

#### Adjustments to Capital

City Gas is not in compliance with Rule 25-14.013 Accounting for Deferred Income Taxes under SFAS 109, because the manner in which deferred taxes is reflected in its MFRs is not revenue neutral. Deferred taxes in its capital structure have not been reduced for the deferred taxes related to the NUI acquisition adjustment which has been removed from rate base. Instead, a pro rata reconciliation adjustment was made. Thus, accumulated deferred taxes were increased by \$3,503,034 to reverse the Company's pro rata reconciliation adjustment. In addition, accumulated deferred taxes were decreased by \$11,658,606 (SFAS 109 - \$8,674,086; leased appliances - \$2,703,801; Hurricane Andrew - \$280,719).

Investment Tax Credits (ITCs) were increased by \$494,345 to reverse the Company's pro rata reconciliation adjustment and were decreased by \$59,310 to remove the ITCs related to the leased appliances which has been removed from rate base.

No adjustment should be made to the zero cost rate.

#### Nonutility Items and Capital Structure

Because City Gas is an operating division of NUI, Staff recommends using the relative ratio of investor sources of capital reflected in NUI's consolidated capital structure for rate making purposes. The balances of customer deposits, deferred income taxes, and investment tax credits should be specifically identified at the City Gas divisional level.

Normally, Staff's recommends that the Commission remove non-utility investment directly from common equity when reconciling the capital structure to rate base unless the utility can show, through competent substantial evidence, that to do otherwise would result in a more equitable determination of the cost of capital for ratemaking purposes. However, in the instant docket, the removal of non-utility investment solely from common equity would result in an equity ratio well below what would be considered reasonable for the utility. Therefore, because of the specific circumstances in this case, we approve Staff's recommendation to remove non-utility investment pro rata over investor sources when

reconciling the capital structure to rate base. The Company agrees with the result of Staff's recommendation. It is the Company's view that the leased appliance investment should be removed pro rata in any event because the investment was financed by all sources of capital during the period it was considered utility-related by the Commission.

#### Cost of Common Equity and Capital

The cost of common equity for the test-year was stipulated as 11.3%, plus or minus 100 basis points. The appropriate cost rate for long-term debt is NUI's consolidated cost of long-term debt of 7.03%. The appropriate cost rate for short-term debt is NUI's cost of short-term debt of 5.5%. The Company's agreement regarding the long-term debt rate is for the purpose of settlement only. The Company reserves the right to advocate in the future the position that the cost rate for long-term debt should reflect the cost of debt specifically related to City Gas.

Based on the stipulated components, amounts, and costs rates associated with the capital structure, the appropriate weighted average cost of capital for the projected test year ending September 30, 1995, is 7.26%.

#### IV. REVENUE REQUIREMENTS

The appropriate projected test-year revenue expansion factor to be used in calculating the revenue deficiency is 1.6139, as shown in Attachment 4. The appropriate projected test-year revenue deficiency is \$1,566,657, as shown in Attachment 5.

#### V. RATE DESIGN, TARIFF CHARGES AND INTERIM INCREASE

##### 1) Billing Determinants

The appropriate forecasts for customers and therm sales by revenue class and billing determinants to be used during the projected test-year are shown in Attachment 6.

##### 2) Miscellaneous Service Charges

The appropriate miscellaneous service charges are:

Initial Connection - Residential	20.00
Initial Connection - Nonresidential	45.00
Reconnection - Residential	20.00
Reconnection - Nonresidential	45.00
Change of Account	15.00
Collection in lieu of disconnect	15.00
Returned Check Charge	15.00 or 5%

3) Cost of Service Methodology

The appropriate cost of service methodology to be used in allocating costs to the various rate classes is reflected in Staff's cost of service study included in Attachment 6. The study reflects the adjustments made to rate base, operations and maintenance expense, and net operating income.

4) Revenue Requirement Allocation

The rates and charges for City Gas Company of Florida resulting from the allocation of the increase among customer classes is reflected in Attachments 6, 7, and 8. Staff recommends approval of the proposed Load Enhancement Discount Rider, applicable only to interruptible rate classes and only to incremental load during the summer months (April - October). Staff further recommends approval of the proposed Natural Gas Vehicle Rate, as an experimental rate based on the cost to serve.

5) Interim Increase

In this docket, a \$260,179 interim increase was granted by Order No. PSC-94-0957-FOF-GU, issued on August 9, 1994. A portion of the interim increase was based on inappropriate costs related to overstated computer equipment costs. Assuming interim rates are in effect for six months, \$4,284 (\$714 per month), plus interest, should be refunded through the Purchased Gas Adjustment as a credit to fuel expense. Any additional refund, should be based on the full rate case revenue requirement adjusted, if necessary, for amounts not applicable to the interim period.

In addition, 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 the Commission's findings in this rate case.

VI. COMPLIANCE WITH TARIFFS AND COMMISSION ORDERS

1) Budget and Planning Process

City Gas Company was required to utilize a formal budget and planning process as ordered by the Commission in Order 24013 in Docket 891175-GU. Without comment as to completeness of compliance with Order No. 24013, the Company shall formalize and file, within 60 days of the date of the final order in this docket, a detailed and thoroughly documented description of its budget and planning process.

2. Bidding Procedures

City Gas has stated its intent to implement prospectively, for all purposes, a request for proposals procedure, similar to the procedure used to solicit bid for the Company's

NASA project. The Company shall adopt formal written bidding procedures, with internal control and oversight, and shall file the bidding procedures with the Commission within 60 days of the date of the final order in this docket.

3) Cost Comparison Analyses

City Gas Company was required to document and perform cost comparison analyses on contracting and lease/purchase decisions as ordered by the Commission in Order 24013 in Docket 891175-GU. The Company has partially complied with Commission Order 24013 with regard to lease/purchase decisions. However, the Company has failed to make the contracting comparative analyses required by the Commission's Order. Therefore, the Company shall file within 60 days of the date of the final order in this docket its methodology for performing cost comparison analyses of contracting and lease/purchase decisions.

4) Conflict of Interest Policy

City Gas Company was required to implement and enforce a comprehensive conflict of interest policy as ordered by the Commission in Order 24013 in Docket 891175-GU. NUI is in the process of developing a comprehensive conflict of interest policy which will apply to all employees. The Company shall file, within 60 days of the date of the final order in this docket, a detailed and complete conflict of interest policy, including enforcement provisions for violation of the policy.

5) System Expansion and Planning

City Gas Company has not used its tariffed feasibility criteria in all system expansion and planning decisions. Therefore, the Company shall file, within 60 days of the date of the final order in this docket, its revised tariff updating its feasibility criteria and clearly setting out any provisions for exemptions.

Based on the foregoing, it is

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

ORDERED that City Gas Company of Florida is authorized to collect increased revenues of \$1,566,657. 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 authorized shall be effective on billings rendered for all meter readings taken on or after December 29, 1994. 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 the



increase, average level of increase, a summary of the tariff changes and reasons thereafter. The bill stuffer shall be submitted to the Commission's Division of Electric and Gas for approval before implementation. It is further

ORDERED that City Gas Company of Florida shall refund \$4,284, plus interest, through the Purchased Gas Adjustment.

By ORDER of the Florida Public Service Commission, this 19th day of December, 1994.

BLANCA S. BAYO, Director  
Division of Records and Reporting

Order No. PSC-94-1570-FOF-GU  
 Docket No. 940276-GU  
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CITY GAS COMPANY  
 DOCKET NO. 940276-GU  
 COMPARATIVE AVERAGE RATE BASES  
 FTY 9/30/95

ATTACHMENT I  
 29-NOV-94

ADJ NO	COMPANY AS FILED		COMPANY AS REVISED		COMMISSION VOTE			
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.	
<b>PLANT IN SERVICE</b>								
	<b>UTILITY PLANT</b>	<b>3147,312,706</b>						
	Adjustment to Remove Artwork		(38,828)					
7	Treasure Coast Expansion			(484,000)		(1,106,296)		
8	FPUA Purchase			75,000		97,307		
10	Airport CNG Fill Station					(300,000)		
11	Melbourne Gate Station Land					(25,000)		
12	Wickham Rd. Gate Station			(300,000)		(300,000)		
14	Unsupported Minisims			(110,000)		(451,553)		
21	Western Energy Purchase					(566,411)		
23	Computer Purchase					(105,300)		
25	Leased Appliances			(460,000)		(22,929,238)		
16	Brevard HP Loop			(2,340,000)		(2,340,000)		
16	Rockledge Office Bld			(587,500)		(587,500)		
16	Relocated Expansion			(743,500)		(743,500)		
16	Telemetry Equip			45,000				
24	COMMON PLANT ALLOCATED	(1,003,977)					(247,282)	
	ACQUISITION ADJUSTMENT	29,465,985						
	Adj. to Remove NUI Acq. Adj.		(29,335,430)					
	PROPERTY HELD FOR FUTURE USE							
	CONSTRUCTION WORK IN PROGRESS	3,628,072						
	AMOUNT TO BALANCE			8,242				
	<b>TOTAL PLANT</b>	<b>179,602,786</b>	<b>(29,374,238)</b>	<b>150,228,528</b>	<b>(4,896,758)</b>	<b>145,331,770</b>	<b>(29,604,775)</b>	<b>120,627,753</b>
	<b>ACCUM. DEPR. &amp; AMORT.</b>							
	ACCUM DEPR - UTILITY PLANT	50,348,166						
7	Treasure Coast Expansion					(69,255)		
8	FPUA Purchase					1,601		
10	Airport CNG Fill Station					(9,300)		
12	Wickham Rd. Gate Station					(4,650)		
14	Unsupported Minisims					(30,739)		
21	Western Energy Purchase					(35,455)		
23	Computer Purchase					(32,552)		
25	Leased Appliances					(7,802,308)		
26	Overamortization of Prospective Deficit					(5,448)		
29	Depreciation Reversals					191,470		
16	Additions			(84,805)		(57,004)		
24	ACCUM DEPR - COMMON PLANT	(87,380)					(85,138)	
	ACCUM AMORT ACQUISITION ADJ.	6,634,318						
	Adj. to Remove NUI Acq. Adj. Amort		(6,284,436)					
	CUSTOMER ADVANCES FOR CONST							
	<b>TOTAL ACCUM. DEPRECIATION &amp; AMORT.</b>	<b>56,935,104</b>	<b>(6,284,436)</b>	<b>50,650,668</b>	<b>(84,805)</b>	<b>50,565,863</b>	<b>(7,938,778)</b>	<b>42,711,890</b>
	<b>NET UTILITY PLANT</b>	<b>122,667,682</b>	<b>(23,089,822)</b>	<b>99,577,860</b>	<b>(4,811,953)</b>	<b>94,765,907</b>	<b>(21,645,997)</b>	<b>77,911,863</b>
	<b>WORKING CAPITAL</b>	<b>(483,363)</b>	<b>7,110,456</b>	<b>6,627,093</b>	<b>8</b>	<b>6,627,093</b>	<b>(1,808,737)</b>	<b>4,768,356</b>
	<b>TOTAL RATE BASE</b>	<b>312,184,319</b>	<b>(15,979,366)</b>	<b>296,204,953</b>	<b>(4,811,953)</b>	<b>291,392,900</b>	<b>(22,596,741)</b>	<b>268,796,159</b>

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**CITY GAS COMPANY**  
**DOCKET NO. 940276-GU**  
**COMPARATIVE WORKING CAPITAL COMPONENTS**  
**PTY 9/30/95**

ATTACHMENT 1A  
 29-NOV-94

ADJ NO	COMPANY AS FILED		COMPANY AS REVISED		COMMISSION VOTE		
	TOTAL PER BOOKS	JURIS. ADJUST.	JURIS. ADJUST.	JURIS. ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.	
	(483,363)						
		(11,109)					
		(244,256)					
		14,234					
		(1,226)					
		(217,409)					
		(404,168)					
30		(1,113,839)					
		3,653,846					
		904					
		5,476,486					
24		(43,007)			(26,946)		
17					(748,550)		
25					(60,000)		
31					(323,327)		
32					(745,998)		
33					(2,829)		
45					10,121		
62					38,696		
34					(41,904)		
<b>TOTALS</b>	<b>(5483,363)</b>	<b>\$7,110,456</b>	<b>\$6,627,093</b>	<b>\$0</b>	<b>\$6,627,093</b>	<b>(\$1,900,732)</b>	<b>\$4,726,336</b>



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CITY GAS COMPANY  
DOCKET NO. 940276-GU  
COMPARATIVE NO. 6  
PTY 93095

ATTACHMENT 2  
29-NOV-94

ADJ NO		COMPANY AS FILED		COMPANY AS REVISED		COMMISSION VOTE		
		PER BOOKS	JURIS ADJUST.	COMPANY ADJUSTED	JURIS ADJUST.	COMPANY ADJUSTED	JURIS ADJUST.	ADJ. JURIS.
	DEPRECIATION & AMORTIZATION	7,130,597						
7	Treasury Cost Expense						(43,145)	
8	FPUA Purchase						3,231	
10	Airport CNG Fill Station						(18,600)	
12	Wickham Rd. Gate Station						(9,300)	
14	Unsupported Minimum						(40,819)	
17	Free Appliances						(89,928)	
18	NUI Acquisition Adjustment						(983,092)	
21	Western Energy Purchase						(22,109)	
23	Computer Purchase						(16,637)	
24	Common Plant		(17,357)				(12,266)	
25	Leased Appliances						(1,889,094)	
32	Deferred Hurricane Expenses	298,404					(119,364)	
68	Depreciation Reprise/rupture						89,474	
14	Additions				(171,231)		(111,188)	
	<b>TOTALS</b>	<u>7,429,001</u>	<u>(17,357)</u>	<u>7,411,644</u>	<u>(171,231)</u>	<u>7,240,413</u>	<u>(3,244,907)</u>	<u>4,166,737</u>
	TAKES OTHER THAN INCOME	1,652,434						
	Remove Cost of Gas Related Taxes		(112,450)					
	Growth	9,366					(2,500)	
24	Common Property Taxes						(139,334)	
69	Property Taxes						(4,173)	
70	Payroll Taxes						(146,007)	
	<b>TOTALS</b>	<u>1,661,800</u>	<u>(112,450)</u>	<u>1,549,350</u>	<u>0</u>	<u>1,549,350</u>	<u>(146,007)</u>	<u>1,403,343</u>
	INCOME TAX EXPENSE	(889,771)						
	Growth	936,152						
74	Tax Effect of Above		26,633				1,136,486	
50	LESSOP Tax Savings				(104,000)		(93,434)	
16	Additions				132,000			
	DEFERRED INCOME TAXES	41,434						
	Out-of-Period DIT Adj.							
74	Interest Reconciliation		(424,592)		60,000		58,513	
16	Amount to Balance				(4,500)			
	INVESTMENT TAX CREDITS	(19,512)						
73	Parent Debt Adjustment							
	<b>TOTALS</b>	<u>68,300</u>	<u>(397,950)</u>	<u>(329,650)</u>	<u>(103,500)</u>	<u>(258,150)</u>	<u>1,101,543</u>	<u>771,393</u>
	<b>TOTAL OPERATING EXPENSES</b>	<u>56,539,425</u>	<u>(30,455,376)</u>	<u>26,084,049</u>	<u>(966,800)</u>	<u>25,117,249</u>	<u>(2,651,146)</u>	<u>21,466,103</u>
	<b>NET OPERATING INCOME</b>	<u>27,641,441</u>	<u>458,737</u>	<u>28,110,186</u>	<u>2,981,177</u>	<u>27,408,322</u>	<u>11,017,615</u>	<u>25,022,816</u>

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

Schedule 2A  
 29 - Nov - 94

COMMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95	
# 1	Payroll Increases	13.44%	-0.36%	
# 2	Inflation x Customer Growth	4.84%	5.06%	
# 3	Executive Payroll	15.00%	3.00%	
# 4	Inflation Only (CPI-U)	2.78%	3.00%	
	Customer Growth	2.00%	2.00%	
	Payroll x Customer Growth	15.71%	1.64%	

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
<b>DISTRIBUTION EXPENSE</b>				
870 Payroll trended	57,002	65,278	65,046	1
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>57,002</b>	<b>65,278</b>	<b>65,046</b>	
871 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
872 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
873 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
874 Payroll trended	215,916	245,028	244,157	1
Other trended	419,796	409,932	422,230	4
Other not trended	0	0	0	
<b>Total</b>	<b>635,712</b>	<b>654,960</b>	<b>666,387</b>	

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

Schedule 2A  
29-Nov-94

COMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95	
# 1	Payroll Increases	13.44%	-0.36%	
# 2	Inflation x Customer Growth	4.84%	5.06%	
# 3	Executive Payroll	15.00%	3.00%	
# 4	Inflation Only (CPI-U)	2.78%	3.00%	
	Customer Growth	2.00%	2.00%	
	Payroll x Customer Growth	15.71%	1.64%	

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
875 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	0	0	0	
876 Payroll trended	21,110	24,218	24,132	1
Other not trended	4,131	3,612	3,720	4
Other not trended	0	0	0	
Total	25,241	27,830	27,852	
877 Payroll trended	0	0	0	
Other trended	2,988	2,988	3,078	4
Other not trended	0	0	0	
Total	2,988	2,988	3,078	
878 Payroll trended	415,743	491,013	489,268	1
Other trended	440,437	417,744	430,276	4
Other not trended	0	0	(108,248)	
Total	856,180	908,757	811,296	
879 Payroll trended	1,186,560	1,325,792	1,321,080	1
Other trended	809,757	816,204	840,690	4
Other not trended	0	0	0	
Total	1,996,317	2,141,996	2,161,770	

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

Schedule 2A  
 29-Nov-94

	COMMISSION VOTE TREND RATES:	BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95
# 1	Payroll Increases	13.44%	-0.36%
# 2	Inflation x Customer Growth	4.84%	5.06%
# 3	Executive Payroll	15.00%	3.00%
# 4	Inflation Only (CPI-U)	2.78%	3.00%
	Customer Growth	2.00%	2.00%
	Payroll x Customer Growth	15.71%	1.64%

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
880 Payroll trended	480,902	540,463	538,542	1
Other trended	441,184	441,708	454,959	4
Other not trended	0	0	0	
<b>Total</b>	<b>922,086</b>	<b>982,171</b>	<b>993,501</b>	
881 Payroll trended	0	0	0	
Other trended	2,332	2,568	2,645	4
Other not trended	186,158	0	0	
Other not trended			(901)	
<b>Total</b>	<b>188,490</b>	<b>2,568</b>	<b>1,744</b>	
<b>TOTAL DISTRIBUTION EXPENSE</b>	<b>\$4,684,016</b>	<b>\$4,786,548</b>	<b>\$4,730,675</b>	

MAINTENANCE EXPENSE

885 Payroll trended	4,539	5,192	5,174	1
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>4,539</b>	<b>5,192</b>	<b>5,174</b>	
886 Payroll trended	0	0	0	
Other trended	7,296	10,236	10,543	4
Other not trended	0	0	0	
<b>Total</b>	<b>7,296</b>	<b>10,236</b>	<b>10,543</b>	



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CITY GAS COMPANY OF FLORIDA  
O&M FORECAST WORKSHEET<sup>1</sup> - PROJECTED TEST YEAR CALCULATION

Schedule 2A  
29-Nov-94

COMMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95	
# 1	Payroll Increases	13.44%	-0.36%	
# 2	Inflation x Customer Growth	4.84%	5.06%	
# 3	Executive Payroll	15.00%	3.00%	
# 4	Inflation Only (CPI-U)	2.78%	3.00%	
	Customer Growth	2.00%	2.00%	
	Payroll x Customer Growth	15.71%	1.64%	

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
887 Payroll trended	8,154	8,429	8,399	1
Other trended	170,918	137,484	141,609	4
Other not trended	0	0	0	
<b>Total</b>	<b>179,072</b>	<b>145,913</b>	<b>150,008</b>	
888 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
889 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
890 Payroll trended	3,007	4,260	4,245	1
Other trended	10,417	10,656	10,976	4
Other not trended	0	0	0	
<b>Total</b>	<b>13,424</b>	<b>14,916</b>	<b>15,221</b>	
891 Payroll trended	15,683	12,628	12,583	1
Other trended	37,333	33,108	34,101	4
Other not trended	0	0	0	
<b>Total</b>	<b>53,016</b>	<b>45,736</b>	<b>46,684</b>	

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

Schedule 2A  
29 - Nov - 94

COMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95
# 1	Payroll Increases	13.44%	-0.36%
# 2	Inflation x Customer Growth	4.84%	5.06%
# 3	Executive Payroll	15.00%	3.00%
# 4	Inflation Only (CPI-U)	2.78%	3.00%
	Customer Growth	2.00%	2.00%
	Payroll x Customer Growth	15.71%	1.64%

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
892 Payroll trended	38,005	52,672	52,485	1
Other trended	25,027	27,936	28,774	4
Other not trended	0	0	0	
<b>Total</b>	<b>63,032</b>	<b>80,608</b>	<b>81,259</b>	
893 Payroll trended	255,715	262,512	261,579	1
Other trended	205,258	180,300	185,709	4
Other not trended	0	0	0	
<b>Total</b>	<b>460,973</b>	<b>442,812</b>	<b>447,288</b>	
894 Payroll trended	73,272	81,113	80,825	1
Other trended	164,981	163,932	168,850	4
Other not trended	0	0	(229,779)	
<b>Total</b>	<b>238,253</b>	<b>245,045</b>	<b>19,896</b>	
<b>TOTAL MAINTENANCE EXPENSE</b>	<b>\$1,019,605</b>	<b>\$990,458</b>	<b>\$776,072</b>	

CUSTOMER ACCOUNTS

901 Payroll trended	157,048	171,134	170,526	1
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>157,048</b>	<b>171,134</b>	<b>170,526</b>	

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

Schedule 2A  
29-Nov-94

COMMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95	
# 1	Payroll Increases	13.44%	-0.36%	
# 2	Inflation x Customer Growth	4.84%	5.06%	
# 3	Executive Payroll	15.00%	3.00%	
# 4	Inflation Only (CPI-U)	2.78%	3.00%	
	Customer Growth	2.00%	2.00%	
	Payroll x Customer Growth	15.71%	1.64%	

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
902 Payroll trended	527,519	595,160	593,045	1
Other trended	122,766	133,320	140,066	2
Other not trended	0	0	0	
<b>Total</b>	<b>650,285</b>	<b>728,480</b>	<b>733,111</b>	
903 Payroll trended	641,058	742,885	740,245	1
Other trended	1,075,408	1,109,496	1,165,636	2
Other not trended	0	0	0	
<b>Total</b>	<b>1,716,466</b>	<b>1,852,381</b>	<b>1,905,881</b>	
904 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	(40,938)	194,195	178,298	
Other not trended			(20,243)	
<b>Total</b>	<b>(40,938)</b>	<b>194,195</b>	<b>158,055</b>	
905 Payroll trended	0	0	0	
Other trended	116,987	120,084	126,160	2
Other not trended	0	0	0	
<b>Total</b>	<b>116,987</b>	<b>120,084</b>	<b>126,160</b>	
<b>TOTAL CUSTOMER ACCOUNTS EXP.</b>	<b>\$2,599,848</b>	<b>\$3,066,274</b>	<b>\$3,093,733</b>	

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

Schedule 2A  
 29-Nov-94

COMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95
# 1	Payroll Increases	13.44%	-0.36%
# 2	Inflation x Customer Growth	4.84%	5.06%
# 3	Executive Payroll	15.00%	3.00%
# 4	Inflation Only (CPI-U)	2.78%	3.00%
	Customer Growth	2.00%	2.00%
	Payroll x Customer Growth	15.71%	1.64%

ACCOUNT SALES	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
911 Payroll trended	95,719	107,584	107,202	1
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>95,719</b>	<b>107,584</b>	<b>107,202</b>	
912 Payroll trended	302,219	345,493	344,265	1
Other trended	68,086	69,108	71,181	4
Other not trended	337,895	324,960	324,960	
Other not trended			(15,717)	
<b>Total</b>	<b>708,200</b>	<b>739,561</b>	<b>724,689</b>	
913 Payroll trended	0	0	0	
Other trended	6,298	6,480	6,674	4
Other not trended	0	0	0	
Other not trended			(8,660)	
<b>Total</b>	<b>6,298</b>	<b>6,480</b>	<b>(1,986)</b>	
916 Payroll trended	142,722	175,359	174,736	1
Other trended	31,880	31,308	32,247	4
Other not trended	0	0	0	
<b>Total</b>	<b>174,602</b>	<b>206,667</b>	<b>206,983</b>	
<b>TOTAL SALES EXPENSE</b>	<b>\$984,819</b>	<b>\$1,060,292</b>	<b>\$1,036,888</b>	

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

Schedule 2A  
 29-Nov-94

	COMMISSION VOTE TREND RATES:	BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95
# 1	Payroll Increases	13.44%	-0.36%
# 2	Inflation x Customer Growth	4.84%	5.06%
# 3	Executive Payroll	15.00%	3.00%
# 4	Inflation Only (CPI-U)	2.78%	3.00%
	Customer Growth	2.00%	2.00%
	Payroll x Customer Growth	15.71%	1.64%

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
<b>ADMINISTRATIVE &amp; GENERAL</b>				
920 Payroll trended	572,028	658,493	656,153	1
Executive Payroll--trended	465,147	535,261	551,319	3
Other not trended	0	0	(202,810)	
Other not trended			(296,827)	
<b>Total</b>	<b>1,037,175</b>	<b>1,193,754</b>	<b>707,835</b>	
921 Payroll trended	0	0	0	
Other not trended	480,037	608,076	614,042	4
Other not trended	184,371	816,000	1,140,000	
Other not trended			(155,329)	
<b>Total</b>	<b>664,408</b>	<b>1,424,076</b>	<b>1,598,713</b>	
922 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
923 Payroll trended	0	0	0	
Other trended	380,257	391,668	403,418	4
Other not trended	128,428	0	0	
Other not trended			(19,694)	
<b>Total</b>	<b>508,685</b>	<b>391,668</b>	<b>383,724</b>	
924 Payroll trended	0	0	0	
Other trended	14,436	14,316	14,745	4
Other not trended	0	0	0	
<b>Total</b>	<b>14,436</b>	<b>14,316</b>	<b>14,745</b>	

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

Schedule 2A  
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COMMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95
# 1	Payroll Increases	13.44%	-0.36%
# 2	Inflation x Customer Growth	4.84%	5.06%
# 3	Executive Payroll	15.00%	3.00%
# 4	Inflation Only (CPI-U)	2.78%	3.00%
	Customer Growth	2.00%	2.00%
	Payroll x Customer Growth	15.71%	1.64%

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
925 Payroll trended	0	0	0	
Other trended	67,292	44,664	46,004	4
Other not trended	1,048,341	1,337,760	1,370,580	
Other not trended			(77,391)	
Total	1,115,633	1,382,424	1,339,193	
926 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	2,178,689	2,148,075	2,362,886	
Other not trended			(656,112)	
Total	2,178,689	2,148,075	1,706,774	
927 Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended	0	0	0	
Total	0	0	0	
928 Payroll trended	0	0	0	
Other trended	345,824	134,608	138,646	4
Other not trended	0	0	161,667	
Other not trended			(88,168)	
Total	345,824	134,608	212,145	
929 Payroll trended	0	0	0	
Other trended	(616,440)	(683,724)	(704,236)	4
Other not trended	0	0	0	
Total	(616,440)	(683,724)	(704,236)	

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

Schedule 2A  
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COMMISSION VOTE TREND RATES:		BASE YEAR + 1 9/30/94	PROJECTED TEST YEAR 9/30/95	
# 1	Payroll Increases	13.44%	-0.36%	
# 2	Inflation x Customer Growth	4.84%	5.06%	
# 3	Executive Payroll	15.00%	3.00%	
# 4	Inflation Only (CPI-U)	2.78%	3.00%	
	Customer Growth	2.00%	2.00%	
	Payroll x Customer Growth	15.71%	1.64%	

ACCOUNT	BASE YEAR 1993	BASE YEAR + 1 1994	PROJECTED TEST YEAR 1995	TREND BASIS APPLIED
930.1 Payroll trended	0	0	0	
Other trended	4,945	5,580	5,747	4
Other not trended	0	0	0	
<b>Total</b>	<b>4,945</b>	<b>5,580</b>	<b>5,747</b>	
930.2 Payroll trended	0	0	0	
Other trended	109,059	110,304	113,613	4
Other not trended	0	0	(34,633)	
<b>Total</b>	<b>109,059</b>	<b>110,304</b>	<b>78,980</b>	
931 Payroll trended	0	0	0	
Other trended	4,620	2,016	2,076	4
Other not trended	204,683	0	0	
<b>Total</b>	<b>209,303</b>	<b>2,016</b>	<b>2,076</b>	
935 Payroll trended	361	399	398	1
Other trended	97,504	104,340	107,470	4
Other not trended	0	0	0	
<b>Total</b>	<b>97,865</b>	<b>104,739</b>	<b>107,868</b>	
<b>TOTAL ADMINISTRATIVE &amp; GEN. EXP.</b>	<b>\$5,669,582</b>	<b>\$6,227,836</b>	<b>\$5,453,566</b>	
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$14,957,870</b>	<b>\$16,131,408</b>	<b>\$15,090,934</b>	

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 CITY GAS COMPANY OF FLORIDA

ATTACHMENT 3

PROJECTED TEST YEAR ENDS SEPTEMBER 30, 1995

	COMPANY FILING	COMPANY RATIO	ADJUSTMENTS TO INVESTOR CAPITAL	ADJUSTED	SPECIFIC	PRORATA	COMMISSION VOTE	RATIO	% COST RATE	% WTD COST
DIVISIONAL CAPITAL	\$51,223,205	38.99%	(13,029,276)	38,193,929	0	(13,462,979)	24,730,950	0.2993	11.30	3.3617
LONG TERM DEBT	50,176,000	38.19%	1,313,732	51,489,732	0	(18,149,617)	33,340,115	0.4034	7.03	2.8362
SHORT TERM DEBT	3,653,846	2.78%	11,715,544	15,369,390	0	(5,417,657)	9,951,733	0.1204	5.90	0.8623
PREFERRED STOCK	0	0.00%		0	0	0	0	0.0000	0.00	0.0000
CUSTOMER DEPOSITS	5,476,486	4.17%		5,476,486	0	0	5,476,486	0.0663	5.78	0.3633
TAX CREDITS - ZERO COST	2,579,297	1.98%		2,579,297	(59,310)	0	2,519,987	0.0305	0.00	0.0000
TAX CREDITS - WEIGHTED COST	0	0.00%		0	0	0	0	0.0000	0.00	0.0000
ACC DEF INC TAXES - ZERO COST	18,277,454	13.91%		18,277,454	(11,858,608)	0	6,418,846	0.0801	0.00	0.0000
	<u>\$131,386,288</u>	<u>100.00%</u>	<u>\$0</u>	<u>\$131,386,288</u>	<u>(11,717,916)</u>	<u>(37,030,153)</u>	<u>82,638,219</u>	<u>1.0000</u>		<u>7.2638</u>
					EQUITY RATIO					<u>38%</u>



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CITY GAS COMPANY  
DOCKET NO. 940276-GU  
NET OPERATING INCOME MULTIPLIER  
PTY 9/30/95

ATTACHMENT 4  
29-NOV-94

ADJ NO	DESCRIPTION	COMPANY PER FILING	COMMISSION VOTE
	REVENUE REQUIREMENT	100.0000%	100.0000%
	GROSS RECEIPTS TAX RATE	0.0000%	0.0000%
	REGULATORY ASSESSMENT RATE	0.3750%	0.3750%
	BAD DEBT RATE	0.2800%	0.2800%
	NET BEFORE INCOME TAXES	99.3450%	99.3450%
	STATE INCOME TAX RATE	5.5000%	5.5000%
	STATE INCOME TAX	5.4640%	5.4640%
	NET BEFORE FEDERAL INCOME TAXES	93.8810%	93.8810%
	FEDERAL INCOME TAX RATE	34.0000%	34.0000%
	FEDERAL INCOME TAX	31.9195%	31.9195%
	REVENUE EXPANSION FACTOR	61.9615%	61.9615%
	NET OPERATING INCOME MULTIPLIER	1.6139	1.6139

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CITY GAS COMPANY  
 DOCKET NO. 940276-GU  
 COMPARATIVE DEFICIENCY CALCULATIONS  
 PTY 9/30/95

ATTACHMENT 5  
 29-NOV-94

	COMPANY AS FILED	COMPANY AS REVISED	COMMISSION VOTE
RATE BASE (AVERAGE)	\$106,204,953	\$101,393,000	\$82,638,219
RATE OF RETURN	X 7.94%	X 7.94%	X 7.26%
REQUIRED NOI	\$8,432,673	\$8,050,604	\$5,999,535
Rounding Difference	2,942		
	<u>8,435,615</u>	<u>8,050,604</u>	<u>5,999,535</u>
Operating Revenues	29,194,245	23,525,572	26,461,714
Operating Expenses:			
Operation & Maintenance	17,452,711	16,553,642	15,090,934
Depreciation & Amortization	7,411,644	7,240,413	4,166,737
Taxes Other Than Income Taxes	1,549,350	1,549,350	1,403,343
Current Income Taxes	(329,656)	(226,156)	771,889
Total Operating Expenses	<u>26,084,049</u>	<u>25,117,249</u>	<u>21,432,903</u>
ACHIEVED NOI	<u>\$3,110,196</u>	<u>\$3,408,323</u>	<u>\$5,028,811</u>
NET REVENUE DEFICIENCY	5,325,419	4,642,281	970,724
REVENUE TAX FACTOR	X 1.6139	X 1.6139	X 1.6139
TOTAL REVENUE DEFICIENCY	<u>\$8,594,727</u>	<u>\$7,492,206</u>	<u>\$1,566,657</u>

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COMPANY: CITY GAS COMPANY OF FLORIDA  
 DOCKET NO. 940276-GU

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

ATTACHMENT 6

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0		0		100% capacity
INTANGIBLE PLANT:	110,692		110,692		.
PRODUCTION PLANT	0		0		.
DISTRIBUTION PLANT:					.
374 Land and Land Rights	203,426		203,426		.
375 Structures and Improvements	1,119,969		1,119,969		.
376 Mains	66,651,728		66,651,728		.
377 Comp. Sta. Eq.	0		0		.
378 Meas. & Reg. Sta. Eq. - Gen	(15,000)		(15,000)		.
379 Meas. & Reg. Sta. Eq. - CG	1,449,966		1,449,966		.
380 Services	29,066,375	29,066,375			.
381 - 382 Meters	8,333,375	8,333,375			100% customer
383 - 384 House Regulators	2,735,697	2,735,697			.
385 Industrial Meas. & Reg. Eq.	1,571,265		1,571,265		.
386 Property on Customer Premises	0	0	0		100% capacity
387 Other Equipment	156,176	56,411	99,765	0	ac 374-385
Total Distribution Plant	111,273,199	40,192,058	71,081,141	0	ac 374-386 111273199
GENERAL PLANT:	5,281,236	2,640,618	2,640,618		50% customer, 50% capacity
PLANT ACQUISITIONS:	130,555		130,555		100% capacity
GAS PLANT FOR FUTURE USE:	0		0		.
CWIP:	3,628,072	1,382,706	2,445,366	0	dist plant
<b>TOTAL PLANT</b>	<b>120,623,753</b>	<b>44,215,381</b>	<b>76,408,372</b>	<b>0</b>	120623753 checksum

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COMPANY: CITY GAS COMPANY OF FLORIDA  
 DOCKET NO. 940276 - GU

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

ATTACHMENT 6

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	related plant
INTANGIBLE PLANT:	77,052	0	77,052	0	rel. plant account
PRODUCTION PLANT:	0		0		
DISTRIBUTION PLANT:					
375 Structures and improvements	331,609	0	331,609	0	*
376 Mains	23,540,449	0	23,540,449	0	*
377 Compressor Sta. Eq.	0	0	0	0	*
378 Mess. & Reg. Sta. Eq. - Gen	(720)	0	(720)	0	*
379 Mess. & Reg. Sta. Eq. - CB	328,723	0	328,723	0	*
380 Services	10,670,573	10,670,573	0	0	*
381 - 382 Meters	3,439,608	3,439,608	0	0	*
383 - 384 House Regulators	1,109,628	1,109,628	0	0	*
385 Indust. Mess. & Reg. Sta. Eq.	381,743	0	381,743	0	*
386 Property on Customer Premises	0	0	0	0	*
387 Other Equipment	112,571	40,861	71,910	0	*
Total A.D. on Dist. Plant	39,914,184	15,290,470	24,653,714	0	38914184 checksum
GENERAL PLANT:	2,512,818	1,256,408	1,256,408	0	general plant
PLANT ACQUISITIONS:	349,882	0	349,882	0	plant acquisitions
RETIREMENT WORK IN PROGRESS:	(142,048)	(51,307)	(90,738)	0	distribution plant
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>42,711,890</b>	<b>16,465,572</b>	<b>26,246,318</b>	<b>0</b>	<b>42711890 checksum</b>
NET PLANT (Plant less Accum. Dep.)	77,911,863	27,748,810	50,162,053	0	77911863 checksum
less: CUSTOMER ADVANCES	0	0	0		50% cust 50% cap
plus: WORKING CAPITAL	4,728,358	3,772,378	875,230	78,748	oper. and maint. exp.
<b>equals: TOTAL RATE BASE</b>	<b>82,638,219</b>	<b>31,522,188</b>	<b>51,037,284</b>	<b>78,748</b>	<b>82638219 checksum</b>

COMPANY: CITY GAS COMPANY OF FLORIDA  
 DOCKET NO. 940276-GU

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

ATTACHMENT 6

OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	ac 301-320
PRODUCTION PLANT	0	0	0	0	100% capacity
DISTRIBUTION:					
870 Operation Supervision & Eng.	65,046	43,705	21,341	0	ac 871-878
871 Dist. Load Dispatch	0	0	0	0	100% capacity
872 Compr. Sta. Lab. & Ex.	0	0	0	0	ac 377
873 Compr. Sta. Fuel & Power	0	0	0	0	100% commodity
874 Maint. and Services	666,367	202,359	484,028	0	ac376+ac380
875 Meas. & Reg. Sta. Eq. - Gen	0	0	0	0	ac 376
876 Meas. & Reg. Sta. Eq. - Ind.	27,852	0	27,852	0	ac 365
877 Meas. & Reg. Sta. Eq. - CG	3,078	0	3,078	0	ac 379
878 Meter and House Reg.	611,296	811,296	0	0	ac361+ac363
878 Customer Instal.	0	0	0	0	ac 366
880 Other Expenses	3,155,271	2,151,667	1,003,584	0	ac 367
881 Rents	1,744	0	1,744	0	100% capacity
885 Maintenance Supervision	5,174	3,841	1,333	0	ac686-884
886 Maint. of Struct. and Improv.	10,543	0	10,543	0	ac375
887 Maintenance of Mains	150,008	0	150,008	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 376
890 Maint. of Meas. & Reg. Sta. Eq. - Ind.	15,221	0	15,221	0	ac 365
891 Maint. of Meas. & Reg. Sta. Eq. - CG	46,684	0	46,684	0	ac 379
892 Maintenance of Services	81,259	81,259	0	0	ac 360
893 Maint. of Meters and House Reg.	447,288	447,288	0	0	ac361-363
894 Maint. of Other Equipment	19,896	14,003	5,893	0	ac381
Total Distribution Expenses	5,506,747	3,755,236	1,751,509	0	8506747
CUSTOMER ACCOUNTS:					
901 Supervision	170,526	170,526	0	0	100% customer
902 Meter-Reading Expense	733,111	733,111	0	0	"
903 Records and Collection Exp.	1,905,881	1,905,881	0	0	"
904 Uncollectible Accounts	182,442	0	0	182,442	100% commodity
905 Misc. Expenses	126,190	126,190	0	0	100% customer
Total Customer Accounts	3,098,120	2,835,678	0	182,442	
(907-910) CUSTOMER SERV. & INFO. EXP.	0	0	0	0	
(911-918) SALES EXPENSE	1,036,888	1,036,888	0	0	
(932) MAINT. OF GEN. PLANT	107,868	53,934	53,934	0	gen'l plant
(920-931) ADMINISTRATION AND GENERAL	3,345,699	4,266,711	889,821	89,067	C&M excl. A&G
<b>TOTAL O&amp;M EXPENSE</b>	<b>15,095,321</b>	<b>12,046,449</b>	<b>2,795,383</b>	<b>251,509</b>	15095321

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

ATTACHMENT 6

DEPRECIATION AND AMORTIZATION EXPENSE:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
Depreciation Expense	3,942,053	1,404,052	2,538,041	0		net plant
Amort. of Other Gas Plant	2,472		2,472			100% capacity
Amort. of Property Loss	179,040		179,040			100% capacity
Amort. of Limited-term Inv.	0	0	0	0		Intangible plant
Amort. of Acquisition Adj.	7,990	2,930	5,060	0		Intan/dist/gen plant
Amort. of Conversion Costs	35,152			35,152		100% commodity
<b>Total Deprec. and Amort. Expense</b>	<b>4,168,737</b>	<b>1,406,982</b>	<b>2,724,603</b>	<b>35,152</b>		<b>4166737</b>
<b>TAXES OTHER THAN INCOME TAXES:</b>						
Revenue Related	102,690				102690	100% revenue
Other	1,308,528	465,345	841,183	0		net plant
<b>Total Taxes other than Income Taxes</b>	<b>1,409,218</b>	<b>465,345</b>	<b>841,183</b>	<b>0</b>	<b>102690</b>	
<b>REV. CRDT TO COS (NEG. OF OTHR OPR. REV)</b>	<b>(844,464)</b>	<b>(644,464)</b>				<b>100% customer</b>
<b>RETURN (REQUIRED NO)</b>	<b>5,090,535</b>	<b>2,288,511</b>	<b>3,705,307</b>	<b>5,717</b>		<b>rate base</b>
<b>INCOME TAXES</b>	<b>1,357,561</b>	<b>517,839</b>	<b>838,428</b>	<b>1,294</b>		<b>return (noi)</b>
<b>TOTAL OVERALL COST OF SERVICE</b>	<b>27,383,908</b>	<b>16,082,662</b>	<b>10,904,884</b>	<b>293,671</b>	<b>102690</b>	<b>27383908</b>

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SCHEDULE - C (COST OF SERVICE)

ATTACHMENT 6

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

CUSTOMER COSTS	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	INTERRUPT TRANSPORT
No. of Customers	95151	90156	143	4815	23	3	5	6
Weighting	NA	1	1	3	31	31	5	31
Weighted No. of Customers	104353	90156	143	13049	703	92	27	183
Allocation Factors	1	0.863950175	0.00137035	0.125043075	0.00673779	0.000879	0.000262	0.001756
<b>CAPACITY COSTS</b>	1	0.86513571		0.125214662	0.00674703	0.00086	0.000262	0.00176
Peak & Avg. Month Sales Vol. (therms)	17145508	4293289	5246	8331121	2341536	1023721	25088	1125507
Allocation Factors	1	0.250403136	0.00030587	0.485806821	0.13656846	0.059706	0.001463	0.065844
<b>COMMODITY COSTS</b>								
Annual Sales Vol. (therms)	97116540	20916726	30866	49027154	14049200	6230964	150528	6713080
Allocation Factors	1	0.215373161	0.00031804	0.504617859	0.14466033	0.064158	0.00155	0.069123
<b>REVENUE-RELATED COSTS</b>								
Tax on Cust. Cap. & Commod.	102305	63170	80	27291	6208	2587	78	2891
Allocation Factors	1	0.617465815	0.00077784	0.266765678	0.06068031	0.025283	0.000766	0.028262

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

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

ATTACHMENT 6

RATE BASE BY CUSTOMER CLASS	TOTAL	RESIDENTIAL	GAS		INTERRUPT	INTERRUPT LARGE VOL.	NGV	INTERRUPT TRANSPORT
			LIGHTING	COMMERCIAL				
<b>DIRECT AND SPECIAL ASSIGNMENTS:</b>								
<b>Customer</b>								
Meters	4893767	4233773	0	612771	33016	4307	1284	8613
House Regulators	1626269	1626269	0	0	0	0	0	0
Services	16395802	15893056	25209	2300266	123947	18167	4821	32334
All Other	6606350	5707557	9053	826078	44512	5808	1731	11612
<b>Total</b>	<b>31522188</b>	<b>27460655</b>	<b>34262</b>	<b>3739117</b>	<b>201478</b>	<b>26280</b>	<b>7837</b>	<b>52558</b>
<b>Capacity</b>								
Industrial Meas. & Reg. Sta. Eq.	1169522	0	0	771392	216807	94788	2323	104213
Meas. & Reg. Sta. Eq. - Gen.	-14280	-3576	-4	-6939	-1950	-853	-21	-937
Mains	43111279	10795200	13191	20948069	5887842	2574081	63082	2830015
All Other	6750763	1890412	2066	3280242	821941	403073	9878	443150
<b>Total</b>	<b>51037284</b>	<b>12482036</b>	<b>15252</b>	<b>24982764</b>	<b>7024440</b>	<b>3071088</b>	<b>75262</b>	<b>3376440</b>
<b>Commodity</b>								
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	78748	16960	25	39753	11392	5052	122	5443
<b>Total</b>	<b>78748</b>	<b>16960</b>	<b>25</b>	<b>39753</b>	<b>11392</b>	<b>5052</b>	<b>122</b>	<b>5443</b>
<b>TOTAL</b>	<b>82638218</b>	<b>39958651</b>	<b>49539</b>	<b>28771835</b>	<b>7237309</b>	<b>3102421</b>	<b>83221</b>	<b>3434443</b>



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COMPANY NAME CITY GAS COMPANY  
DOCKET NO. 940276-GU

SCHEDULE 3 (COST OF SERVICE)  
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
(Page 1 of 2)

ATTACHMENT 5

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT	INTERRUPT LARGE VOL	NGV	INTERRUPT TRANSPORT
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
<b>OPERATIONS AND MAINTENANCE EXPENSE:</b>								
<b>DIRECT AND SPECIAL ASSIGNMENTS:</b>								
Customer								
878 Meters and House Regulators	811298	701881	0	101588	5474	714	213	1428
883 Maint. of Meters & House Reg.	447288	388865	0	56007	3018	384	117	787
874 Mains & Services	202359	174828	277	25304	1383	178	53	356
882 Maint. of Services	81258	70204	111	10181	548	71	21	143
All Other	10508247	9078874	14387	1313733	70789	8233	2754	18487
Total	12048448	10410752	14786	1508981	81182	10588	3158	21180
Capacity								
878 Measuring & Reg. Sta. Eq. - 1	27852	0	0	18082	5078	2218	54	2448
880 Maint. of Meters & Reg. Sta. Eq. - 1	15221	0	0	0	7882	3451	85	3794
874 Mains and Services	464028	116184	142	225474	63372	27788	878	30481
887 Maint. of Mains	150008	37582	46	72880	20488	8857	218	8847
All Other	2138255	535428	854	1038893	292018	127871	3129	140364
Total	2785363	688182	842	1355418	388845	170083	4168	185008
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	251509	54188	80	128868	36383	18138	390	17385
Total	251509	54188	80	128868	36383	18138	390	17385
<b>TOTAL O&amp;M</b>	<b>18085321</b>	<b>11154182</b>	<b>15788</b>	<b>2888178</b>	<b>508428</b>	<b>188738</b>	<b>7714</b>	<b>225472</b>
<b>DEPRECIATION EXPENSE:</b>								
Customer								
Capacity	1404852	1214888	0	175888	8473	1238	368	2471
Commodity	2538841	835533	777	1233232	348818	151541	3714	166808
Total	3842893	1850229	777	1408938	358888	152777	4082	188878
<b>AMORT. OF GAS PLANT:</b>								
Capacity	2472	818	1	1201	338	148	4	182
<b>AMORT. OF PROPERTY LOSS:</b>								
Capacity	178848	44832	55	88887	24451	10888	282	11753
<b>AMORT. OF LIMITED TERM INVEST.</b>								
Capacity	0	0	0	0	0	0	0	0
<b>AMORT. OF ACQUISITION ADJ.:</b>								
Customer	2838	2538	0	387	20	3	1	5
Capacity	5050	1285	2	2454	890	302	7	332
Total	7888	3788	2	2821	708	304	8	337
<b>AMORT. OF CONVERSION COSTS:</b>								
Commodity	35152	7571	11	17745	5085	2255	54	2430

COMPANY NAME: CITY GAS COMPANY  
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SCHEDULE - F (COST OF SERVICE)  
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
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ATTACHMENT 6

	TOTAL	RESIDENTIAL	LIGHTING	COMMERCIAL	INTERRUPT	INTERHUPT LARGE VOL	NGV	INTERRUPT TRANSPORT
<b>TAXES OTHER THAN INCOME TAXES:</b>								
Customer	465345	402587	0	58268	3140	410	122	819
Capacity	841183	210635	257	408737	114879	50225	1231	55219
Subtotal	1306628	613221	257	467005	118019	50635	1353	56038
Revenue	102690	63408	80	27394	6231	2596	79	2902
Total	1409218	676629	337	494399	124250	53231	1432	58940
<b>RETURN (NOI)</b>								
Customer	2288511	1993844	2487	271460	14627	1908	569	3016
Capacity	3705307	806196	1107	1814475	509974	222961	5484	245130
Commodity	5717	1231	2	2886	627	367	9	395
Total	5999535	2901071	3596	2086621	525429	225238	6042	249341
<b>INCOME TAXES</b>								
Customer	517839	451117	563	81425	3310	432	129	863
Capacity	638428	205052	251	410575	115396	50451	1236	55467
Commodity	1294	279	0	653	187	83	2	89
Total	1357561	656448	814	472654	118693	50966	1367	56420
<b>REVENUE CREDITED TO COS:</b>								
Customer	-644464	-386678	0	-257786	0	0	0	0
<b>TOTAL COST OF SERVICE:</b>								
Customer	16082662	14086651	17636	1816334	111761	14578	4347	29155
Capacity	10904864	2693314	3291	5313109	1501189	656321	16084	721577
Commodity	293671	63249	93	148250	42463	18841	455	20299
Subtotal	27281218	18845214	21220	7277893	1655433	689740	20687	771031
Revenue	102690	63408	80	27394	6231	2596	79	2902
Total	27383908	18908622	21300	7306087	1651664	692336	20965	773834

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SCHEDULE - F (COST OF SERVICE)  
 DERIVATION OF REVENUE DEFICIENCY

ATTACHMENT 6

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

COST OF SERVICE BY CUSTOMER CLASS	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	INTERRUPT TRANSPORT
CUSTOMER COSTS	16,082,662	14,088,651	17,836	1,816,334	111,781	14,578	4,347	29,155
CAPACITY COSTS	10,904,864	2,693,314	3,291	5,313,108	1,501,189	656,321	18,094	721,577
COMMODITY COSTS	293,671	63,248	83	148,250	42,463	18,841	455	20,299
REVENUE COSTS	102,890	63,408	80	27,394	8,231	2,596	79	2,902
<b>TOTAL</b>	<b>27,383,906</b>	<b>18,908,622</b>	<b>21,300</b>	<b>7,306,087</b>	<b>1,661,664</b>	<b>992,336</b>	<b>20,965</b>	<b>773,934</b>
less: REVENUE AT PRESENT RATES (in the projected test year)	26,042,285	13,719,414	8,866	9,322,418	1,641,881	887,434	27,138	735,324
equals: GAS SALES REVENUE DEFICIENCY	1,341,623	3,189,208	12,634	(2,017,331)	19,773	104,902	(6,173)	38,610
plus: DEFICIENCY IN OTHER OPERATING REV.	225,031	135,019	0	90,012	0	0	0	0
equals: TOTAL BASE-REVENUE DEFICIENCY	1,566,654	3,324,226	12,634	(1,927,319)	19,773	104,902	(6,173)	38,610
<hr/>								
UNIT COSTS:								
Customer	14.09	13.02	10.39	31.44	404.93	404.93	72.46	404.93
Capacity	0.83602	0.62733	0.62733	0.63774	0.64111	0.64111	0.64111	0.64111
Commodity	0.00302	0.00302	0.00302	0.00302	0.00302	0.00302	0.00302	0.00302

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

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

ATTACHMENT 6

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	INTERRUPT TRANSPORT
<b>REVENUES: (projected last year)</b>								
Gas Sales (due to growth)	26,042,285	13,719,414	8,666	9,322,418	1,641,691	587,434	27,138	735,324
Other Operating Revenue	419,433	251,660	0	167,773	0	0	0	0
<b>Total</b>	<b>26,461,718</b>	<b>13,971,074</b>	<b>8,666</b>	<b>9,490,191</b>	<b>1,641,691</b>	<b>587,434</b>	<b>27,138</b>	<b>735,324</b>
<b>EXPENSES:</b>								
Purchased Gas Cost	0	0	0	0	0	0	0	0
O&M Expenses	15,095,321	11,154,102	15,706	2,989,176	506,420	196,730	7,714	225,472
Depreciation Expenses	3,942,093	1,850,229	777	1,409,059	356,090	152,777	4,082	169,079
Amortization Expenses	224,644	56,821	68	108,764	30,563	13,397	328	14,682
Taxes Other Than Income--Fixed	1,306,528	813,221	257	467,005	118,019	50,635	1,353	56,038
Taxes Other Than Income--Revenue	97,659	51,448	32	34,859	6,157	2,203	102	2,757
<b>Total Excess excl. Income Taxes</b>	<b>20,666,245</b>	<b>13,725,822</b>	<b>16,643</b>	<b>5,008,963</b>	<b>1,017,268</b>	<b>415,741</b>	<b>13,580</b>	<b>466,028</b>
<b>INCOME TAXES:</b>	<b>986,381</b>	<b>481,804</b>	<b>587</b>	<b>346,907</b>	<b>87,262</b>	<b>37,407</b>	<b>1,003</b>	<b>41,410</b>
<b>NET OPERATING INCOME:</b>	<b>4,799,082</b>	<b>(236,552)</b>	<b>(9,774)</b>	<b>4,134,321</b>	<b>537,360</b>	<b>134,286</b>	<b>12,555</b>	<b>225,886</b>
<hr style="border-top: 1px dashed black;"/>								
<b>RATE BASE:</b>	<b>82,638,219</b>	<b>39,959,651</b>	<b>49,539</b>	<b>28,771,635</b>	<b>7,237,309</b>	<b>3,102,421</b>	<b>83,221</b>	<b>3,434,443</b>
<b>RATE OF RETURN</b>	<b>0.058073</b>	<b>-0.005820</b>	<b>-0.177114</b>	<b>0.143694</b>	<b>0.074249</b>	<b>0.043264</b>	<b>0.150063</b>	<b>0.065771</b>

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

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

ATTACHMENT 6

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	INTERRUPT TRANSPORT
<b>REVENUES:</b>								
Gas Sales	27,383,908	14,782,715	9,140	9,402,281	1,671,658	682,336	20,965	804,812
Other Operating Revenue	544,464	396,678	0	257,796	0	0	0	0
<b>Total</b>	<b>28,028,372</b>	<b>15,189,393</b>	<b>9,140</b>	<b>9,660,067</b>	<b>1,671,658</b>	<b>682,336</b>	<b>20,965</b>	<b>804,812</b>
<b>EXPENSES:</b>								
Purchased Gas Cost	0	0	0	0	0	0	0	0
O&M Expenses	15,095,321	11,154,102	15,706	2,988,176	506,420	196,730	7,714	225,472
Depreciation Expenses	3,942,093	1,850,229	777	1,409,058	356,090	152,777	4,082	189,079
Amortization Expenses	224,844	56,821	88	108,784	30,583	13,397	328	14,882
Taxes Other Than Income -- Fixed	1,308,528	813,221	257	467,005	118,019	50,635	1,353	66,038
Taxes Other Than Income -- Revenue	102,890	55,435	34	35,258	6,269	2,596	79	3,018
<b>Total Expense excl. Income Taxes</b>	<b>20,871,276</b>	<b>13,729,809</b>	<b>18,844</b>	<b>5,009,282</b>	<b>1,017,380</b>	<b>416,134</b>	<b>13,556</b>	<b>468,289</b>
<b>PRE TAX NOI:</b>	<b>7,357,096</b>	<b>1,439,584</b>	<b>(7,704)</b>	<b>4,650,804</b>	<b>654,278</b>	<b>276,202</b>	<b>7,409</b>	<b>336,523</b>
<b>INCOME TAXES:</b>	<b>1,357,561</b>	<b>265,638</b>	<b>(1,422)</b>	<b>858,185</b>	<b>120,730</b>	<b>50,966</b>	<b>1,367</b>	<b>62,097</b>
<b>NET OPERATING INCOME:</b>	<b>5,999,535</b>	<b>1,173,946</b>	<b>(6,283)</b>	<b>3,792,619</b>	<b>533,548</b>	<b>225,236</b>	<b>6,042</b>	<b>274,427</b>
<b>RATE BASE:</b>	<b>82,638,219</b>	<b>39,959,651</b>	<b>49,539</b>	<b>28,771,635</b>	<b>7,237,309</b>	<b>3,102,421</b>	<b>83,221</b>	<b>3,434,443</b>
<b>RATE OF RETURN</b>	<b>0.072800</b>	<b>0.029378</b>	<b>-0.126826</b>	<b>0.131818</b>	<b>0.073722</b>	<b>0.072800</b>	<b>0.072800</b>	<b>0.079904</b>

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ATTACHMENT 6

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

COST OF SERVICE SUMMARY  
 PROPOSED RATE DESIGN

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	INTERRUPT TRANSPORT
<b>PRESENT RATES (projected test year)</b>								
GAS SALES (due to growth)	26,042,285	13,719,414	8,666	9,322,418	1,641,891	587,434	27,138	735,324
OTHER OPERATING REVENUE	419,433	251,660	0	187,773	0	0	0	0
<b>TOTAL</b>	<b>26,461,718</b>	<b>13,971,074</b>	<b>8,666</b>	<b>9,490,191</b>	<b>1,641,891</b>	<b>587,434</b>	<b>27,138</b>	<b>735,324</b>
<b>RATE OF RETURN</b>	<b>5.81%</b>	<b>-0.59%</b>	<b>-17.71%</b>	<b>14.37%</b>	<b>7.42%</b>	<b>4.33%</b>	<b>15.09%</b>	<b>8.56%</b>
<b>INDEX</b>	<b>1.00</b>	<b>-0.00</b>	<b>-0.03</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.03</b>	<b>0.01</b>
<b>PROPOSED RATES</b>								
GAS SALES	27,383,908	14,782,715	8,140	9,402,281	1,671,658	692,338	20,965	804,812
OTHER OPERATING REVENUE	644,464	368,878	0	257,786	0	0	0	0
<b>TOTAL</b>	<b>28,028,372</b>	<b>15,169,383</b>	<b>8,140</b>	<b>9,660,067</b>	<b>1,671,658</b>	<b>692,338</b>	<b>20,965</b>	<b>804,812</b>
<b>TOTAL REVENUE INCREASE</b>	<b>1,566,654</b>	<b>1,198,320</b>	<b>474</b>	<b>169,875</b>	<b>29,767</b>	<b>104,902</b>	<b>(6,173)</b>	<b>69,488</b>
<b>PERCENT INCREASE</b>	<b>5.92%</b>	<b>8.58%</b>	<b>5.47%</b>	<b>1.78%</b>	<b>1.81%</b>	<b>17.86%</b>	<b>-22.75%</b>	<b>9.45%</b>
<b>RATE OF RETURN</b>	<b>7.26%</b>	<b>2.94%</b>	<b>-12.84%</b>	<b>13.18%</b>	<b>7.37%</b>	<b>7.29%</b>	<b>7.26%</b>	<b>7.99%</b>
<b>INDEX</b>	<b>1.00</b>	<b>0.40</b>	<b>-1.75</b>	<b>1.82</b>	<b>1.02</b>	<b>1.00</b>	<b>1.00</b>	<b>1.10</b>

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COMPANY NAME CITY GAS COMPANY  
 DOCKET NO. 940276-GU

**COST OF SERVICE SUMMARY  
 CALCULATION OF PROPOSED RATES**

	TOTAL	RESIDENTIAL	GAS LIGHTING	COMMERCIAL	INTERRUPT PREFERRED	INTERRUPT LARGE VOL.	NGV	INTERRUPT TRANSPORT
PROPOSED TOTAL TARGET REVENUES	28,028,372	15,169,383	9,140	9,660,067	1,671,858	692,336	20,965	804,812
LESS: OTHER OPERATING REVENUE	644,484	386,678	0	257,786	0	0	0	0
LESS: CUSTOMER CHARGE REVENUES								
PROPOSED CUSTOMER CHARGES		\$6.00	\$0.00	\$12.00	\$36.00	\$150.00	\$12.00	\$150.00
TIMES: NUMBER OF BILLS	1,141,812	1,081,872	1,716	57,780	276	36	60	72
EQUALS: CUSTOMER CHARGE REVENUES	7,211,448	6,491,232	0	693,360	9,936	5,400	720	10,800
LESS: OTHER NON-THERM-RATE REVENUES								
EQUALS: PER-THERM TARGET REVENUES	20,172,460	8,291,483	9,140	8,708,921	1,661,722	686,936	20,245	794,012
DIVIDED BY: NUMBER OF THERMS	97,118,540	20,916,726	30,888	49,027,154	14,049,200	6,230,964	150,528	6,713,080
EQUALS: PER-THERM RATES (UNRNDG)		0.396404	0.295908	0.177635	0.118278	0.110246	0.134486	0.118278
PER-THERM RATES (RNDG)		0.39640	0.29591	0.17763	0.11828	0.11025	0.13450	0.11828
PER-THERM-RATE REVENUES (RNDG RATES)	20,172,196	8,291,380	9,140	8,708,693	1,661,738	686,964	20,246	794,023
<b>SUMMARY: PROPOSED TARIFF RATES</b>								
CUSTOMER CHARGES		\$6.00	\$0.00	\$12.00	\$36.00	\$150.00	\$12.00	\$150.00
ENERGY CHARGES								
NON-GAS (CENTS PER THERM)		38.640	29.591	17.763	11.828	11.025	13.450	11.828
PURCHASED GAS ADJUSTMENT		19.700	19.700	19.700	19.700	19.700	19.700	0.000
TOTAL (INCLUDING PGA)		59.340	49.291	37.463	31.528	30.725	33.150	11.828
<b>SUMMARY: PRESENT TARIFF RATES</b>								
CUSTOMER CHARGES		\$6.00	\$0.00	\$12.00	\$36.00	\$150.00	\$12.00	\$36.00
ENERGY CHARGES								
NON-GAS (CENTS PER THERM)		34.506	26.057	17.550	11.616	9.341	17.550	11.616
PURCHASED GAS ADJUSTMENT		19.700	19.700	19.700	19.700	19.700	19.700	0.000
TOTAL (INCLUDING PGA)		54.206	47.757	37.250	31.316	29.041	37.250	11.616
<b>SUMMARY: OTHER OPERATING REVENUE</b>								
		PRESENT		PROPOSED				
CONNECTION/RECONNECTION RESIDENTIAL		CHARGE	REVENUE	CHARGE	REVENUE			
CONNECTION/RECONNECTION COMMERCIAL		\$13.00	\$311,472	\$20.00	\$611,988			
CHANGE OF ACCOUNT		\$30.00	\$19,881	\$45.00	\$32,487			
BILL COLLECTION IN LIEU OF DISCONNECTION		\$10.00	\$0	\$15.00	\$0			
RETURNED CHECK CHARGE		\$10.00	\$0	\$15.00	\$0			
		\$15.00	\$0	\$15.00	\$0			

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COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-GU

COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 7

<u>RATE SCHEDULE</u>	<u>PRESENT RATE</u>	<u>RATE INCREASE</u>	<u>PROPOSED RATE</u>
<u>RESIDENTIAL (RS)</u>			
Customer Charge	\$8.00	\$0.00	\$8.00
Energy Charge (cents per therm)	34.506	5.134	39.640
<u>GAS LIGHTING (GL)</u>			
Customer Charge	\$0.00	\$0.00	\$0.00
Energy Charge (cents per therm)	28.057	1.534	29.591
<u>COMMERCIAL (CS)</u>			
Customer Charge	\$12.00	\$0.00	\$12.00
Energy Charge (cents per therm)	17.550	0.213	17.763
<u>NATURAL GAS VEHICLE (NGV)</u>			
Customer Charge	\$12.00	\$0.00	\$12.00
Energy Charge (cents per therm)	17.550	-4.066	13.484
<u>INTERRUPTIBLE PREFERRED (IP)</u>			
Customer Charge	\$36.00	\$0.00	\$36.00
Energy Charge (cents per therm)	11.816	0.212	11.828
<u>CONTRACT INTERRUPTIBLE PREFERRED (CI)</u>			
Customer Charge	\$36.00	\$0.00	\$36.00
Energy Charge (cents per therm)	11.816	0.212	11.828
<u>INTERRUPTIBLE LARGE VOLUME (IL)</u>			
Customer Charge	\$150.00	\$0.00	\$150.00
Energy Charge (cents per therm)	9.341	1.705	11.046
<u>CONTRACT INTERRUPTIBLE LARGE VOLUME (CI-LV)</u>			
Customer Charge	\$150.00	\$0.00	\$150.00
Energy Charge (cents per therm)	9.341	1.705	11.046
<u>GAS WATER HEATER RENTAL (WHR)</u>			
Monthly Lease Rate	\$2.25	\$0.00	ELIMINATED
<u>GAS CLOTHES DRYER RENTAL (CDR)</u>			
Monthly Lease Rate	\$3.50	\$0.00	ELIMINATED
<u>GAS RANGE RENTAL (GRR)</u>			
Monthly Lease Rate	\$5.00	\$0.00	ELIMINATED
<u>COMMERCIAL TRANSPORTATION (CTS)</u>			
Customer Charge	\$12.00	\$0.00	\$12.00
Energy Charge (cents per therm)	17.550	0.213	17.763
<u>INTERRUPTIBLE TRANSPORTATION (ITS)</u>			
Customer Charge	\$36.00	\$114.00	\$150.00
Energy Charge (cents per therm)	11.816	0.212	11.828
<u>CONTRACT INTERRUPTIBLE TRANSPORTATION (CI-TS)</u>			
Customer Charge	\$36.00	\$114.00	\$150.00
Energy Charge (cents per therm)	11.816	0.212	11.828
<u>INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (ILT)</u>			
Customer Charge	\$150.00	\$150.00	\$300.00
Energy Charge (cents per therm)	9.341	1.705	11.046
<u>CONTRACT INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (CI-LVT)</u>			
Customer Charge	\$150.00	\$150.00	\$300.00
Energy Charge (cents per therm)	9.341	1.705	11.046



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**COST OF SERVICE SUMMARY  
RATE COMPARISON**

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
DOCKET NO. 940276-GU

RATE SCHEDULE: RESIDENTIAL (RS)

PRESENT RATES

Customer Charge  
6.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	34.506

PROPOSED RATES

Customer Charge  
6.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	39.640

GAS COST CENTS/THERM  
19.7

THERM USAGE INCREMENT  
10

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	6.00	6.00	6.00	8.00	0.00	0.00	0.00
10	9.45	11.42	9.96	11.93	5.43	4.50	0.51
20	12.90	16.84	13.93	17.87	7.96	6.10	1.03
30	16.35	22.26	17.89	23.80	9.42	6.92	1.54
40	19.80	27.68	21.86	29.74	10.37	7.42	2.05
50	23.25	33.10	25.82	35.67	11.04	7.75	2.57
60	26.70	38.52	29.78	41.60	11.54	8.00	3.08
70	30.15	43.94	33.75	47.54	11.92	8.18	3.59
80	33.60	49.36	37.71	53.47	12.22	8.32	4.11
90	37.06	54.79	41.68	59.41	12.47	8.43	4.62
100	40.51	60.21	45.64	65.34	12.67	8.53	5.13
110	43.96	65.63	49.60	71.27	12.85	8.61	5.65
120	47.41	71.05	53.57	77.21	13.00	8.67	6.16
130	50.86	76.47	57.53	83.14	13.12	8.73	6.67
140	54.31	81.89	61.50	89.08	13.23	8.78	7.19
150	57.76	87.31	65.46	95.01	13.33	8.82	7.70
160	61.21	92.73	69.42	100.94	13.42	8.86	8.21
170	64.66	98.15	73.39	106.88	13.50	8.89	8.73
180	68.11	103.57	77.35	112.81	13.57	8.92	9.24
190	71.56	108.99	81.32	118.75	13.63	8.95	9.75

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COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-GU

COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 8

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	28.057

PROPOSED RATES

Customer Charge  
 0.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	29.591

GAS COST CENTS/THERM  
 19.7

THERM USAGE INCREMENT  
 10

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	0.00	0.00	0.00	0.00	ERR	ERR	0.00
10	2.81	4.78	2.96	4.93	5.47	3.21	0.15
20	5.61	9.55	5.92	9.86	5.47	3.21	0.31
30	8.42	14.33	8.88	14.79	5.47	3.21	0.46
40	11.22	19.10	11.84	19.72	5.47	3.21	0.61
50	14.03	23.88	14.80	24.65	5.47	3.21	0.77
60	16.83	28.65	17.75	29.57	5.47	3.21	0.92
70	19.64	33.43	20.71	34.50	5.47	3.21	1.07
80	22.45	38.21	23.67	39.43	5.47	3.21	1.23
90	25.25	42.98	26.63	44.36	5.47	3.21	1.38
100	28.06	47.76	29.59	49.29	5.47	3.21	1.53
110	30.86	52.53	32.55	54.22	5.47	3.21	1.69
120	33.67	57.31	35.51	59.15	5.47	3.21	1.84
130	36.47	62.08	38.47	64.08	5.47	3.21	1.99
140	39.28	66.86	41.43	69.01	5.47	3.21	2.15
150	42.09	71.64	44.39	73.94	5.47	3.21	2.30
160	44.89	76.41	47.35	78.87	5.47	3.21	2.45
170	47.70	81.19	50.30	83.79	5.47	3.21	2.61
180	50.50	85.96	53.26	88.72	5.47	3.21	2.76
190	53.31	90.74	56.22	93.65	5.47	3.21	2.91

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**COST OF SERVICE SUMMARY  
RATE COMPARISON**

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
DOCKET NO. 940276-GU

**RATE SCHEDULE: COMMERCIAL (CS)**

PRESENT RATES

Customer Charge  
12.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	17.550

GAS COST CENTS/THERM  
19.7

PROPOSED RATES

Customer Charge  
12.00

Energy Charge

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

THERM USAGE INCREMENT  
50

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	12.00	12.00	12.00	12.00	0.00	0.00	0.00
50	20.78	30.63	20.88	30.73	0.51	0.35	0.11
100	29.55	49.25	29.76	49.46	0.72	0.43	0.21
150	38.33	67.88	38.64	68.19	0.83	0.47	0.32
200	47.10	86.50	47.53	86.93	0.90	0.49	0.43
250	55.88	105.13	56.41	105.86	0.95	0.51	0.53
300	64.65	123.75	65.29	124.39	0.99	0.52	0.64
350	73.43	142.38	74.17	143.12	1.02	0.52	0.75
400	82.20	161.00	83.05	161.85	1.04	0.53	0.85
450	90.98	179.63	91.93	180.58	1.05	0.53	0.96
500	99.75	198.25	100.82	199.32	1.07	0.54	1.07
550	108.53	216.88	109.70	218.05	1.08	0.54	1.17
600	117.30	235.50	118.58	236.78	1.09	0.54	1.28
650	126.08	254.13	127.46	255.51	1.10	0.54	1.38
700	134.85	272.75	136.34	274.24	1.11	0.55	1.49
750	143.62	291.38	145.22	292.97	1.11	0.55	1.60
800	152.40	310.00	154.10	311.70	1.12	0.55	1.70
850	161.18	328.63	162.99	330.44	1.12	0.55	1.81
900	169.95	347.25	171.87	349.17	1.13	0.55	1.92
950	178.73	365.88	180.75	367.90	1.13	0.55	2.02

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COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-GU

RATE SCHEDULE: NATURAL GAS VEHICLE (NGV)

PRESENT RATES

PROPOSED RATES

Customer Charge  
 12.00

Customer Charge  
 12.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	17.550

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	13.484

GAS COST CENTS/THERM  
 19.7

THERM USAGE INCREMENT  
 50

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	12.00	12.00	12.00	12.00	0.00	0.00	0.00
50	20.78	30.63	18.74	28.59	(9.79)	(8.64)	-2.03
100	29.55	49.25	25.48	45.18	(13.76)	(8.26)	-4.07
150	38.33	67.88	32.23	61.78	(15.91)	(8.99)	-6.10
200	47.10	86.50	38.97	78.37	(17.27)	(9.40)	-8.13
250	55.88	105.13	45.71	94.96	(18.19)	(9.67)	-10.17
300	64.65	123.75	52.45	111.55	(18.87)	(9.86)	-12.20
350	73.43	142.38	59.19	128.14	(19.38)	(10.00)	-14.23
400	82.20	161.00	65.94	144.74	(19.79)	(10.10)	-16.26
450	90.98	179.63	72.68	161.33	(20.11)	(10.19)	-18.30
500	99.75	198.25	79.42	177.92	(20.38)	(10.25)	-20.33
550	108.53	216.88	86.16	194.51	(20.61)	(10.31)	-22.36
600	117.30	235.50	92.90	211.10	(20.80)	(10.36)	-24.40
650	126.08	254.13	99.65	227.70	(20.96)	(10.40)	-26.43
700	134.85	272.75	106.39	244.29	(21.11)	(10.44)	-28.46
750	143.62	291.38	113.13	260.88	(21.23)	(10.47)	-30.49
800	152.40	310.00	119.87	277.47	(21.34)	(10.49)	-32.53
850	161.18	328.63	126.61	294.06	(21.44)	(10.52)	-34.56
900	169.95	347.25	133.36	310.66	(21.53)	(10.54)	-36.59
950	178.73	365.88	140.10	327.25	(21.61)	(10.56)	-38.63

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**COST OF SERVICE SUMMARY  
 RATE COMPARISON**

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-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	11.616

GAS COST CENTS/THERM  
 19.7

PROPOSED RATES

Customer Charge  
 36.00

Energy Charge

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

THERM USAGE INCREMENT  
 50

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	36.00	36.00	36.00	36.00	0.00	0.00	0.00
50	41.81	51.68	41.91	51.76	0.25	0.21	0.11
100	47.62	67.32	47.83	67.53	0.45	0.31	0.21
150	53.42	82.97	53.74	83.29	0.60	0.38	0.32
200	59.23	98.63	59.66	99.06	0.72	0.43	0.42
250	65.04	114.29	65.57	114.82	0.81	0.46	0.53
300	70.85	129.95	71.48	130.58	0.90	0.49	0.64
350	76.66	145.61	77.40	146.35	0.97	0.51	0.74
400	82.46	161.26	83.31	162.11	1.03	0.53	0.85
450	88.27	176.92	89.23	177.88	1.08	0.54	0.95
500	94.08	192.58	95.14	193.64	1.13	0.55	1.06
550	99.89	208.24	101.05	209.40	1.17	0.56	1.17
600	105.70	223.90	106.97	225.17	1.20	0.57	1.27
650	111.50	239.55	112.88	240.93	1.24	0.58	1.38
700	117.31	255.21	118.80	256.70	1.27	0.58	1.48
750	123.12	270.87	124.71	272.46	1.29	0.59	1.59
800	128.93	286.53	130.62	288.22	1.32	0.59	1.70
850	134.74	302.19	136.54	303.99	1.34	0.60	1.80
900	140.54	317.84	142.45	319.75	1.36	0.60	1.91
950	146.35	333.50	148.37	335.52	1.38	0.60	2.01

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**COST OF SERVICE SUMMARY  
 RATE COMPARISON**

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-GU

RATE SCHEDULE: **CONTRACT INTERRUPTIBLE  
 PREFERRED (C1)**

PRESENT RATES

Customer Charge  
 36.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	11.616

GAS COST CENTS/THERM  
 19.7

PROPOSED RATES

Customer Charge  
 36.00

Energy Charge

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

THERM USAGE INCREMENT  
 5000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	36.00	36.00	36.00	36.00	0.00	0.00	0.00
5000	616.80	1,601.80	627.40	1,612.40	1.72	0.66	10.60
10000	1,197.60	3,167.60	1,218.80	3,188.80	1.77	0.67	21.20
15000	1,778.40	4,733.40	1,810.20	4,765.20	1.79	0.67	31.80
20000	2,359.20	6,299.20	2,401.60	6,341.60	1.80	0.67	42.40
25000	2,940.00	7,865.00	2,993.00	7,918.00	1.80	0.67	53.00
30000	3,520.80	9,430.80	3,584.40	9,494.40	1.81	0.67	63.60
35000	4,101.60	10,996.60	4,175.80	11,070.80	1.81	0.67	74.20
40000	4,682.40	12,562.40	4,767.20	12,647.20	1.81	0.68	84.80
45000	5,263.20	14,128.20	5,358.60	14,223.60	1.81	0.68	95.40
50000	5,844.00	15,694.00	5,950.00	15,800.00	1.81	0.68	106.00
55000	6,424.80	17,259.80	6,541.40	17,376.40	1.81	0.68	116.60
60000	7,005.60	18,825.60	7,132.80	18,952.80	1.82	0.68	127.20
65000	7,586.40	20,391.40	7,724.20	20,529.20	1.82	0.68	137.80
70000	8,167.20	21,957.20	8,315.60	22,105.60	1.82	0.68	148.40
75000	8,748.00	23,523.00	8,907.00	23,682.00	1.82	0.68	159.00
80000	9,328.80	25,088.80	9,498.40	25,258.40	1.82	0.68	169.60
85000	9,909.60	26,654.60	10,089.80	26,834.80	1.82	0.68	180.20
90000	10,490.40	28,220.40	10,681.20	28,411.20	1.82	0.68	190.80
95000	11,071.20	29,786.20	11,272.60	29,987.60	1.82	0.68	201.40

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**COST OF SERVICE SUMMARY  
RATE COMPARISON**

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
DOCKET NO. 940276-GU

**RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME (IL)**

PRESENT RATES

PROPOSED RATES

Customer Charge  
150.00

Customer Charge  
150.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	9.341

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

GAS COST CENTS/THERM  
19.7

THERM USAGE INCREMENT  
5000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	150.00	150.00	150.00	150.00	0.00	0.00	0.00
5000	617.05	1,602.05	702.30	1,687.30	13.82	5.32	85.25
10000	1,084.10	3,054.10	1,254.60	3,224.60	15.73	5.58	170.50
15000	1,551.15	4,506.15	1,806.90	4,761.90	16.49	5.68	255.75
20000	2,018.20	5,958.20	2,359.20	6,299.20	16.90	5.72	341.00
25000	2,485.25	7,410.25	2,911.50	7,836.50	17.15	5.75	426.25
30000	2,952.30	8,862.30	3,463.80	9,373.80	17.33	5.77	511.50
35000	3,419.35	10,314.35	4,016.10	10,911.10	17.45	5.79	596.75
40000	3,886.40	11,766.40	4,568.40	12,448.40	17.55	5.80	682.00
45000	4,353.45	13,218.45	5,120.70	13,985.70	17.62	5.80	767.25
50000	4,820.50	14,670.50	5,673.00	15,523.00	17.68	5.81	852.50
55000	5,287.55	16,122.55	6,225.30	17,060.30	17.74	5.82	937.75
60000	5,754.60	17,574.60	6,777.60	18,597.60	17.78	5.82	1023.00
65000	6,221.65	19,026.65	7,329.90	20,134.90	17.81	5.82	1108.25
70000	6,688.70	20,478.70	7,882.20	21,672.20	17.84	5.83	1193.50
75000	7,155.75	21,930.75	8,434.50	23,209.50	17.87	5.83	1278.75
80000	7,622.80	23,382.80	8,986.80	24,746.80	17.89	5.83	1364.00
85000	8,089.85	24,834.85	9,539.10	26,284.10	17.91	5.84	1449.25
90000	8,556.90	26,286.90	10,091.40	27,821.40	17.93	5.84	1534.50
95000	9,023.95	27,738.95	10,643.70	29,358.70	17.95	5.84	1619.75

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COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-GU

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

PRESENT RATES

Customer Charge  
 150.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	9.341

GAS COST CENTS/THERM  
 19.7

PROPOSED RATES

Customer Charge  
 150.00

Energy Charge

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

THERM USAGE INCREMENT  
 5000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	150.00	150.00	150.00	150.00	0.00	0.00	0.00
5000	617.05	1,602.05	702.30	1,687.30	13.82	5.32	85.25
10000	1,084.10	3,054.10	1,254.60	3,224.60	15.73	5.58	170.50
15000	1,551.15	4,506.15	1,806.90	4,761.90	16.49	5.68	255.75
20000	2,018.20	5,958.20	2,359.20	6,299.20	16.90	5.72	341.00
25000	2,485.25	7,410.25	2,911.50	7,836.50	17.15	5.75	426.25
30000	2,952.30	8,862.30	3,463.80	9,373.80	17.33	5.77	511.50
35000	3,419.35	10,314.35	4,016.10	10,911.10	17.45	5.79	596.75
40000	3,886.40	11,766.40	4,568.40	12,448.40	17.55	5.80	682.00
45000	4,353.45	13,218.45	5,120.70	13,985.70	17.62	5.80	767.25
50000	4,820.50	14,670.50	5,673.00	15,523.00	17.68	5.81	852.50
55000	5,287.55	16,122.55	6,225.30	17,060.30	17.74	5.82	937.75
60000	5,754.60	17,574.60	6,777.60	18,597.60	17.78	5.82	1023.00
65000	6,221.65	19,026.65	7,329.90	20,134.90	17.81	5.82	1108.25
70000	6,688.70	20,478.70	7,882.20	21,672.20	17.84	5.83	1193.50
75000	7,155.75	21,930.75	8,434.50	23,209.50	17.87	5.83	1278.75
80000	7,622.80	23,382.80	8,986.80	24,746.80	17.89	5.83	1364.00
85000	8,089.85	24,834.85	9,539.10	26,284.10	17.91	5.84	1449.25
90000	8,556.90	26,286.90	10,091.40	27,821.40	17.93	5.84	1534.50
95000	9,023.95	27,738.95	10,643.70	29,358.70	17.95	5.84	1619.75



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COST OF SERVICE SUMMARY  
RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
DOCKET NO. 940276-GU

RATE SCHEDULE: COMMERCIAL TRANSPORTATION (CTS)

PRESENT RATES

PROPOSED RATES

Customer Charge  
12.00

Customer Charge  
12.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	17.550

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

GAS COST CENTS/THERM

THERM USAGE INCREMENT

0

10000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	12.00	12.00	12.00	12.00	0.00	0.00	0.00
10000	1,767.00	1,767.00	1,788.30	1,788.30	1.21	1.21	21.30
20000	3,522.00	3,522.00	3,564.60	3,564.60	1.21	1.21	42.60
30000	5,277.00	5,277.00	5,340.90	5,340.90	1.21	1.21	63.90
40000	7,032.00	7,032.00	7,117.20	7,117.20	1.21	1.21	85.20
50000	8,787.00	8,787.00	8,893.50	8,893.50	1.21	1.21	106.50
60000	10,542.00	10,542.00	10,669.80	10,669.80	1.21	1.21	127.80
70000	12,297.00	12,297.00	12,446.10	12,446.10	1.21	1.21	149.10
80000	14,052.00	14,052.00	14,222.40	14,222.40	1.21	1.21	170.40
90000	15,807.00	15,807.00	15,998.70	15,998.70	1.21	1.21	191.70
100000	17,562.00	17,562.00	17,775.00	17,775.00	1.21	1.21	213.00
110000	19,317.00	19,317.00	19,551.30	19,551.30	1.21	1.21	234.30
120000	21,072.00	21,072.00	21,327.60	21,327.60	1.21	1.21	255.60
130000	22,827.00	22,827.00	23,103.90	23,103.90	1.21	1.21	276.90
140000	24,582.00	24,582.00	24,880.20	24,880.20	1.21	1.21	298.20
150000	26,337.00	26,337.00	26,656.50	26,656.50	1.21	1.21	319.50
160000	28,092.00	28,092.00	28,432.80	28,432.80	1.21	1.21	340.80
170000	29,847.00	29,847.00	30,209.10	30,209.10	1.21	1.21	362.10
180000	31,602.00	31,602.00	31,985.40	31,985.40	1.21	1.21	383.40
190000	33,357.00	33,357.00	33,761.70	33,761.70	1.21	1.21	404.70

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COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-GU

RATE SCHEDULE: INTERRUPTIBLE TRANSPORTATION (ITS)

PRESENT RATES

Customer Charge  
 36.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	11.616

GAS COST CENTS/THERM  
 0

PROPOSED RATES

Customer Charge  
 150.00

Energy Charge

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

THERM USAGE INCREMENT  
 10000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	36.00	36.00	150.00	150.00	316.67	316.67	114.00
10000	1,197.60	1,197.60	1,332.80	1,332.80	11.29	11.29	135.20
20000	2,359.20	2,359.20	2,515.60	2,515.60	6.63	6.63	156.40
30000	3,520.80	3,520.80	3,698.40	3,698.40	5.04	5.04	177.60
40000	4,682.40	4,682.40	4,881.20	4,881.20	4.25	4.25	198.80
50000	5,844.00	5,844.00	6,064.00	6,064.00	3.76	3.76	220.00
60000	7,005.60	7,005.60	7,246.80	7,246.80	3.44	3.44	241.20
70000	8,167.20	8,167.20	8,429.60	8,429.60	3.21	3.21	262.40
80000	9,328.80	9,328.80	9,612.40	9,612.40	3.04	3.04	283.60
90000	10,490.40	10,490.40	10,795.20	10,795.20	2.91	2.91	304.80
100000	11,652.00	11,652.00	11,978.00	11,978.00	2.80	2.80	326.00
110000	12,813.60	12,813.60	13,160.80	13,160.80	2.71	2.71	347.20
120000	13,975.20	13,975.20	14,343.60	14,343.60	2.64	2.64	368.40
130000	15,136.80	15,136.80	15,526.40	15,526.40	2.57	2.57	389.60
140000	16,298.40	16,298.40	16,709.20	16,709.20	2.52	2.52	410.80
150000	17,460.00	17,460.00	17,892.00	17,892.00	2.47	2.47	432.00
160000	18,621.60	18,621.60	19,074.80	19,074.80	2.43	2.43	453.20
170000	19,783.20	19,783.20	20,257.60	20,257.60	2.40	2.40	474.40
180000	20,944.80	20,944.80	21,440.40	21,440.40	2.37	2.37	495.60
190000	22,106.40	22,106.40	22,623.20	22,623.20	2.34	2.34	516.80

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COST OF SERVICE SUMMARY  
RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
DOCKET NO. 940276-GU

RATE SCHEDULE: CONTRACT INTERRUPTIBLE  
TRANSPORTATION (CI-TS)

PRESENT RATES

PROPOSED RATES

Customer Charge  
36.00

Customer Charge  
150.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	11.616

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

GAS COST CENTS/THERM  
0

THERM USAGE INCREMENT  
10000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	36.00	36.00	150.00	150.00	316.67	316.67	114.00
10000	1,197.60	1,197.60	1,332.80	1,332.80	11.29	11.29	135.20
20000	2,359.20	2,359.20	2,515.60	2,515.60	6.63	6.63	156.40
30000	3,520.80	3,520.80	3,698.40	3,698.40	5.04	5.04	177.60
40000	4,682.40	4,682.40	4,881.20	4,881.20	4.25	4.25	198.80
50000	5,844.00	5,844.00	6,064.00	6,064.00	3.76	3.76	220.00
60000	7,005.60	7,005.60	7,246.80	7,246.80	3.44	3.44	241.20
70000	8,167.20	8,167.20	8,429.60	8,429.60	3.21	3.21	262.40
80000	9,328.80	9,328.80	9,612.40	9,612.40	3.04	3.04	283.60
90000	10,490.40	10,490.40	10,795.20	10,795.20	2.91	2.91	304.80
100000	11,652.00	11,652.00	11,978.00	11,978.00	2.80	2.80	326.00
110000	12,813.60	12,813.60	13,160.80	13,160.80	2.71	2.71	347.20
120000	13,975.20	13,975.20	14,343.60	14,343.60	2.64	2.64	368.40
130000	15,136.80	15,136.80	15,526.40	15,526.40	2.57	2.57	389.60
140000	16,298.40	16,298.40	16,709.20	16,709.20	2.52	2.52	410.80
150000	17,460.00	17,460.00	17,892.00	17,892.00	2.47	2.47	432.00
160000	18,621.60	18,621.60	19,074.80	19,074.80	2.43	2.43	453.20
170000	19,783.20	19,783.20	20,257.60	20,257.60	2.40	2.40	474.40
180000	20,944.80	20,944.80	21,440.40	21,440.40	2.37	2.37	495.60
190000	22,106.40	22,106.40	22,623.20	22,623.20	2.34	2.34	516.80

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COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY  
 DOCKET NO. 940276-GU

RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME  
 TRANSPORTATION (ILT)

PRESENT RATES

Customer Charge  
 150.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	9.341

GAS COST CENTS/THERM  
 0

PROPOSED RATES

Customer Charge  
 300.00

Energy Charge

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

THERM USAGE INCREMENT  
 10000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	150.00	150.00	300.00	300.00	100.00	100.00	150.00
10000	1,084.10	1,084.10	1,404.60	1,404.60	29.56	29.56	320.50
20000	2,018.20	2,018.20	2,509.20	2,509.20	24.33	24.33	491.00
30000	2,952.30	2,952.30	3,613.80	3,613.80	22.41	22.41	661.50
40000	3,886.40	3,886.40	4,718.40	4,718.40	21.41	21.41	832.00
50000	4,820.50	4,820.50	5,823.00	5,823.00	20.80	20.80	1002.50
60000	5,754.60	5,754.60	6,927.60	6,927.60	20.38	20.38	1173.00
70000	6,688.70	6,688.70	8,032.20	8,032.20	20.09	20.09	1343.50
80000	7,622.80	7,622.80	9,136.80	9,136.80	19.86	19.86	1514.00
90000	8,556.90	8,556.90	10,241.40	10,241.40	19.69	19.69	1684.50
100000	9,491.00	9,491.00	11,346.00	11,346.00	19.54	19.54	1855.00
110000	10,425.10	10,425.10	12,450.60	12,450.60	19.43	19.43	2025.50
120000	11,359.20	11,359.20	13,555.20	13,555.20	19.33	19.33	2196.00
130000	12,293.30	12,293.30	14,659.80	14,659.80	19.25	19.25	2366.50
140000	13,227.40	13,227.40	15,764.40	15,764.40	19.18	19.18	2537.00
150000	14,161.50	14,161.50	16,869.00	16,869.00	19.12	19.12	2707.50
160000	15,095.60	15,095.60	17,973.60	17,973.60	19.07	19.07	2878.00
170000	16,029.70	16,029.70	19,078.20	19,078.20	19.02	19.02	3048.50
180000	16,963.80	16,963.80	20,182.80	20,182.80	18.98	18.98	3219.00
190000	17,897.90	17,897.90	21,287.40	21,287.40	18.94	18.94	3389.50

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COST OF SERVICE SUMMARY  
RATE COMPARISON

ATTACHMENT #

COMPANY: CITY GAS COMPANY  
DOCKET NO. 940276-GU

RATE SCHEDULE:

CONTRACT INTERRUPTIBLE LARGE VOLUME  
TRANSPORTATION (CI-LVT)

PRESENT RATES

PROPOSED RATES

Customer Charge  
150.00

Customer Charge  
300.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	9.341

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

GAS COST CENTS/THERM  
0

THERM USAGE INCREMENT  
10000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	150.00	150.00	300.00	300.00	100.00	100.00	150.00
10000	1,084.10	1,084.10	1,404.60	1,404.60	29.56	29.56	320.50
20000	2,018.20	2,018.20	2,509.20	2,509.20	24.33	24.33	491.00
30000	2,952.30	2,952.30	3,613.80	3,613.80	22.41	22.41	661.50
40000	3,886.40	3,886.40	4,718.40	4,718.40	21.41	21.41	832.00
50000	4,820.50	4,820.50	5,823.00	5,823.00	20.80	20.80	1002.50
60000	5,754.60	5,754.60	6,927.60	6,927.60	20.38	20.38	1173.00
70000	6,688.70	6,688.70	8,032.20	8,032.20	20.09	20.09	1343.50
80000	7,622.80	7,622.80	9,136.80	9,136.80	19.86	19.86	1514.00
90000	8,556.90	8,556.90	10,241.40	10,241.40	19.69	19.69	1684.50
100000	9,491.00	9,491.00	11,346.00	11,346.00	19.54	19.54	1855.00
110000	10,425.10	10,425.10	12,450.60	12,450.60	19.43	19.43	2025.50
120000	11,359.20	11,359.20	13,555.20	13,555.20	19.33	19.33	2196.00
130000	12,293.30	12,293.30	14,659.80	14,659.80	19.25	19.25	2366.50
140000	13,227.40	13,227.40	15,764.40	15,764.40	19.18	19.18	2537.00
150000	14,161.50	14,161.50	16,869.00	16,869.00	19.12	19.12	2707.50
160000	15,095.60	15,095.60	17,973.60	17,973.60	19.07	19.07	2878.00
170000	16,029.70	16,029.70	19,078.20	19,078.20	19.02	19.02	3048.50
180000	16,963.80	16,963.80	20,182.80	20,182.80	18.98	18.98	3219.00
190000	17,897.90	17,897.90	21,287.40	21,287.40	18.94	18.94	3389.50

ORDERED that each entity shall operate under the appropriate certificate number as listed in the body of this Order. It is further

ORDERED that any petition protesting any particular application shall not prevent the action proposed herein from becoming final as to the other applications listed in the caption of this Order. It is further

ORDERED that, unless a person whose substantial interests are affected by the action proposed herein files a petition in the form and by the date specified in the Notice of Further Proceedings or Judicial Review, below, the certificates shall become effective on the following date and these dockets shall be closed.

By ORDER of the Florida Public Service Commission, this 26th day of April, 1995.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate  
increase by FLORIDA PUBLIC  
UTILITIES COMPANY.

DOCKET NO. 940620-GU  
ORDER NO. PSC-95-0518-FOF-GU  
ISSUED: April 26, 1995

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
JOE GARCIA  
DIANE K. KIESLING

**APPEARANCES:**

Wayne L. Schiefelbein, Esquire, Gatlin, Woods, Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee, Florida 32308 On behalf of Florida Public Utilities Company.

Michael Palecki, Esquire, and Vicki D. Johnson, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0850 On behalf of the Commission Staff.

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ORDER GRANTING CERTAIN INCREASES

BY THE COMMISSION:

PURSUANT TO NOTICE, the Florida Public Service Commission held a public hearing on this matter in Tallahassee, Florida, on April 6, 1995. Having considered the record in this proceeding, the Commission now enters its Final Order.

BACKGROUND

This proceeding was initiated on September 23, 1994, when, pursuant to the provisions of Section 366.06, Florida Statutes, Florida Public Utilities Company ("FPUC" or the "company") filed its petition and Minimum Filing Requirements (MFRs), requesting authority to increase its rates and charges. The proposed rates were designed to generate a revenue increase of \$2,079,120 based on a 13-month average rate base of \$26,437,934 for the projected test year ending December 31, 1995. By Commission Order No. PSC-94-1519-FOF-GU, issued December 9, 1994, we suspended the utility's proposed permanent rates, but granted an interim increase of \$386,927 based on a 13-month average rate base for the 12-month test period ending December 31, 1993.

Customer Service hearings were held in Orange City, Florida, on March 13, 1995, and in West Palm Beach, Florida, on April 5, 1995.

At the hearing on April 6, 1995, the company announced that in the interests of settlement, it had agreed with our staff's positions on the issues set forth in the Prehearing Order. Therefore, all factual issues in this proceeding have been stipulated. We accepted and approved the stipulation at the hearing.

I. STIPULATED TEST YEAR 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. The stipulated test year rate base for FPUC is \$27,241,536, calculated based on the adjustments discussed below. (See Attachment 1)

1. We increased Plant in Service \$37,800 to update the estimated December 31, 1994 balances to reflect actual amounts.
2. We increased Plant in Service \$520,743, increased Accumulated Depreciation \$5,693 and increased Depreciation Expense \$16,734, to include blanket construction projects that were omitted from 1995 projections.
3. Recognizing the 1995 blanket construction projects and 1994 actual plant, an additional adjustment was required to remove non-utility operations. Therefore, we reduced Plant in Service \$22,300, reduced Accumulated Depreciation \$26,783 and reduced Depreciation Expense \$7,367.



4. In order to remove service lines that have been inactive for more than five years, we made an adjustment to reduce Plant in Service \$22,531 and Accumulated Depreciation Reserve \$23,286. In addition, we reduced Depreciation Expense \$1,510, based on the depreciation rates approved in Docket No. 940734-GU.
5. Since the company has not started construction on the new addition to the general office building, we made an adjustment to reduce allocated common plant \$337,195, reduce Accumulated Depreciation \$11,462 and increase common plant Depreciation Expense \$2,038. This adjustment also updates the projections to reflect actual 1994 amounts, and it reflects the new depreciation rates and the revised common plant allocation factors. We note that the consolidated gas division's allocated rate base associated with the expansion of the corporate headquarters and its related allocated expenses, such as depreciation, property taxes and moving expense, may properly be the subject of a limited proceeding for a rate increase under the appropriate circumstances (i.e., the company is not in an overearning position, timeliness, etc.).
6. The company properly recorded the Gun Club Estates and IBIS conversions from LP to natural Gas at original cost, therefore, no adjustment was necessary.
7. The company should include all gas plant under construction in rate base for all future purposes, such as surveillance reports and interim purposes, effective June 1, 1995. Also, the company's related allowance for funds used during construction (AFUDC) rate should be eliminated.
8. The company did not project any Construction Work in Progress (CWIP) for the projected test year, therefore, we made an adjustment to reclassify \$298,194 from plant to CWIP. Also, we reduced Accumulated Depreciation \$5,099 and Depreciation Expense \$10,198.
9. We made an adjustment to reduce Depreciation Reserve by \$493,096. This reduction reflects the new depreciation rates approved by the Commission in Docket No. 940734-GU, and updates the projections to reflect actual 1994 amounts.
10. We find the company's adjusted amount of \$267,798 for customer advances for construction is appropriate, therefore, no further adjustment was necessary.
11. The stipulated projected test year Working Capital Allowance is \$362,923, which includes \$219,550 in cash, and the increases and decreases to Working Capital discussed in other adjustments. (See Attachment 1A) We also reduced Working Capital \$70,213, which reflects the allowance of one-half of the unamortized rate case expense. Working Capital was further reduced \$84,763, to remove the company's projected net gas underrecovery. In addition, we increased Working Capital \$37,471. This increase reflects the reduction in Accrued Taxes Payable-Income so the

rate base effect of adjustments for environmental costs would be revenue neutral.

## II. STIPULATED TEST-YEAR OPERATING INCOME

Once a rate base is established, the next step is to determine the utility's Net Operating Income (NOI) for the test year. After NOI is determined, it can be related to the test year rate base to develop the rate of return for the test period. The stipulated test year NOI for FPUC is \$1,504,527, which was determined based upon the adjustments discussed below. (See Attachment 3)

1. The appropriate level of operating revenue is \$11,426,240. This amount reflects an increase of \$7,735 for interest earned on the cash included in Working Capital. It also reflects revenues of \$100,703 for approved marketing programs and related staffing.
2. In order to remove Chamber of Commerce dues from expenses, we made an adjustment to reduce Account 930.2 by \$718 and Account 912 by \$1,221. The total reduction to expenses is \$1,939.
3. We reduced rate case amortization \$7,954 based on \$113,000 in rate case expense and a four year amortization period beginning the month new rates go into effect.
4. We reduced Account 913 \$7,871 to remove the costs for production of a corporate video, printing of money flyers, advertising for non-regulated functions and image building advertising.
5. We reduced Account 923.2 \$10,326 to reduce legal expenses for certain personnel matters to a more reasonable level.
6. The company's forecasted ESOP costs were appropriate, and, therefore, no adjustment is necessary.
7. Expenses associated with the environmental clean-up of manufactured gas plant sites are currently being accrued at \$240,000 per year, the level established in Docket No. 900151-GU. This amortization amount is appropriate and should continue for the remainder of the approved 10-year accrual period. No adjustment is necessary.
8. The costs for piping allowances should be capitalized and amortized over seven years. Accordingly, we made an adjustment to reduce Account 916 by \$39,000, increase Working Capital \$54,878 and increase Amortization Expense by \$8,376.
9. Conversion expenses should be capitalized and amortized over five years. Accordingly, we made an adjustment to reduce Account 916 by \$65,093, increase Working Capital by \$85,643 and increase Amortization Expense by \$19,571.
10. Medical self insurance expense should be reduced by \$100,162 based on the 3-year average actual claims history. Injuries and Damages expense should be reduced \$28,499 to correct an error made by the company in

trending the capitalized payroll. Injuries and Damages expense should be increased by \$29,954 to recognize additional executive risk and general liability premiums. Based on the foregoing, we reduced expenses by \$98,707, and increased Working Capital by \$49,354. No adjustment is necessary for property insurance.

11. We reduced Meter Change-Out Expense \$8,121, based on a 4-year average of the number of meters changed out.
12. We find that the monthly average AA utility bond rate should be used to calculate post-retirement benefits expense. Accordingly, using the February 1995 average AA utility bond rate of 8.33%, we made an adjustment to decrease FASB 106 Expense in Account 926.3 by \$26,088 and increase Working Capital by \$13,044.
13. We reduced Account 912 by \$2,104 for two-thirds of a 3-year supply of color posters and pocket folders.
14. The company made an adjustment to increase Accounts 878, Meter & House Regulator Expense, and 887, Maintenance of Mains, to normalized for lost time due to above average medical related absences. We find that a further adjustment is needed, therefore, we reduced Account 878 by \$11,158 to remove a portion of the salary of a Service Technician who retired in 1993 and has not been replaced to date. Also, we reduced Account 893, Maintenance of Meters & House Regulators, \$15,600 to remove a portion of the wages that the company added to Account 887 to normalize for medical related absences. The total reduction to expenses is \$26,758.
15. The adjustment made by the company to increase Account 904, Uncollectible Accounts, to adjust to the 3-year average charge-offs is not appropriate. Thus, we reduced Account 904 by \$5,980, and reduced Working Capital by \$12,362, based on a 3-year average of net write-offs as a percent of sales.
16. The adjustment made by the company to increase Account 921, Office Supplies & Expense, for the company use portion of purchased gas is not appropriate. Because the company use portion of purchased gas is currently recovered through the Purchased Gas Adjustment Clause, we reduced Account 921 by \$25,268 for 1995.
17. No adjustment is necessary to reduce expenses for the depreciation study which was amortized over a 4-year period.
18. The company requested that various marketing programs and associated staffing be recovered through base rates. We find that expenses for the programs listed below are appropriate for recovery through base rates. In addition, we made certain adjustments to projected expenses and imputed related revenues:

- Energy Savers Program
- Residential Energy Efficiency Program

- ° Residential Energy Audit Program
- ° Homeowners Maximized Energy Savings Program
- ° Business Energy Efficiency Plan
- ° Consumer Affairs Services
- ° Utility Service and Information Program
- ° Appliance Conservation and Education Program

We reduced Account 912 \$3,334, reduced Account 913 \$31,758, and reduced Account 916 \$15,667 to remove a portion of certain expenses directly related to the marketing programs. We further reduced Account 912 \$50,370 to remove new positions related to the marketing programs. The total amount of disallowed expenses is \$101,129. Also, we imputed revenues of \$100,703 associated with the approved programs and related staffing. Since the company did not increase expenses to allow for the higher growth rate of customers, we changed the factor for customer growth in the trend schedules, which produced a \$52,328 increase in O & M Expenses.

19. We find that expenses for the Market Development & Demonstration Program and the Business Energy Savings Team should not be recovered through base rates and all associated expenses should be disallowed. Thus, we reduced Account 913 \$5,000 and reduced Account 916 \$50,000.
20. We find that FPUC has not justified its benchmark variance in the Sales functional area, therefore, we reduced Account 916 \$4,573 in 1995 for expenses associated with merchandise and jobbing.
21. The appropriate trend factors are shown in Attachment 3A. Applying these factors, we increased the overall Operating & Maintenance Expense by \$20,246. This adjustment includes the \$52,328 adjustment we made for the allowed marketing programs. With these adjustments, we find the appropriate level of projected test year O & M expenses is \$7,150,125. (See Attachment 3A)
22. We find the appropriate amount of Depreciation and Amortization Expense is \$1,429,620 including adjustments discussed in preceding adjustments as well as a \$210,542 reduction resulting from new depreciation rates, and the update of projections to 1994 actuals.
23. We find the appropriate level of property taxes is \$526,053. This amount reflects a \$21,445 reduction we made to correct the 1994 plant trend factor to 105.39 and the 1995 trend factor to 105.95, and to correct the revised common plant allocation factor.
24. We reduced Taxes Other by \$29,380. This reduction encompasses the \$21,445 reduction to property taxes; an increase of \$378 for regulatory assessment fees related to the adjustment increasing revenue; and a decrease of \$8,313 for the payroll taxes related to the payroll adjustments.
25. We increased Income tax expense by \$269,907. Because of other adjustments to NOI, we increased federal income tax expense \$252,664

and increased state income tax expense \$43,251. In addition, we decreased income tax expense \$26,009 for interest reconciliation and ITC synchronization.

### III. STIPULATED CAPITAL STRUCTURE, COST OF CAPITAL AND RELATED ISSUES

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. In this docket, these issues were all stipulated, as set forth below. Based on the stipulated components, amounts, and cost rates associated with the capital structure, the appropriate weighted average cost of capital for the projected test year ending December 31, 1995, is 8.44%. (See Attachment 2)

1. The company removed its treasury stock and non-utility investment from common equity at the consolidated level before investor capital was allocated to the gas division. We find this to be proper, therefore, no further adjustment was necessary.
2. Pursuant to the stipulation, we made a specific adjustment to reduce equity by \$14,718. This adjustment corresponds with the removal from rate base of \$22,300 for the recognition of the 1995 blanket construction projects and 1994 actual plant less \$7,582 for estimated depreciation reserve. We also made an adjustment to increase accumulated deferred income taxes (ADITs) by \$140,939. This adjustment is composed of two parts: a) \$83,790 reflects a pro-rata amount of ADITs associated with the adjustment to recognize the 1995 blanket construction, and b) \$57,149 represents the increase to ADITs to produce parallel treatment of the environmental insurance proceeds on the balance sheet and income statement. In addition, in order to reconcile the capital structure to rate base, we approve the stipulated adjustment to remove the non-utility investment pro-rata over investment sources.

3. We find the appropriate 1995 projected balances of unamortized ITCs are \$22,170 for zero cost ITCs and \$741,282 for weighted cost ITCs. The appropriate cost rate of the 3% unamortized ITCs is zero. The appropriate cost rate of the weighted cost ITCs is 10.24%, which is a calculation based on the stipulated capital structure and cost rates.
4. The stipulated return on common equity is 11.40%, the long-term debt rate is 9.93% and the cost rate for short-term debt is 6.93%. We find these rates to be reasonable.

#### IV. REVENUE REQUIREMENTS

Based on the stipulation, the appropriate projected test-year revenue expansion factor is 1.6134 as shown in Attachment 4. The difference between the stipulated factor and the company's original filing is the stipulated bad debt expense adjustment. We find the projected test-year revenue deficiency is \$1,282,001, as shown in Attachment 5.

#### V. RATE DESIGN AND TARIFF ISSUES

We approve the stipulated forecasts of customers and their sales by rate class and billing determinants to be used during the projected test year which are shown in Attachment 6. In addition, we approve the stipulated rates, service charges and methodology to be used in allocating costs to the various rate classes which are shown on Attachment 6. We further approve the transportation administration charge proposed by the company and the stipulated miscellaneous service charges listed below.

Initial Connection	\$25.00
Initial Connection - LVS	\$57.00
Reconnect after Disconnect for Cause	\$21.00
Reconnect after Disconnect for Cause - LVS	\$48.00
Reconnect after Disconnect for Non-Pay	\$31.00
Reconnect after Disconnect for Non-Pay - LVS	\$58.00
Bill Collection in Lieu of Disconnect	\$ 9.00
Change of Account	\$12.00
Returned Check Charge	\$20.00

#### VI. INTERIM INCREASE

In this docket, a \$386,927 interim increase was granted in Order No. PSC-94-1519-FOF-GU issued on December 9, 1994. Since the permanent increase is greater than the amount of the interim award, no refund is required.

Within 60 days after the issuance of this Order, FPUC shall file with the Commission's Division of Records and Reporting 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 the Commission's findings in this docket. In

addition, the company shall file with its annual report, the historical expenses and estimated revenues for each marketing program approved herein and the projections for the following year for said programs.

#### VII. QUALITY OF SERVICE

We find that FPUC's quality of service is adequate, however, the survey of inactive service lines which we ordered the company to complete within five years in its last rate case (Order No. 24094, Docket No. 900151-GU) has not been completed. The company has been unable to complete the survey because of unforeseen difficulty with the physical survey and insufficient resources allocated in its prior rate case. The company has agreed to complete the survey program no later than December 31, 1998. Service lines that are inactive at the time of discovery shall be retired within six months, unless the period of inactivity can be documented. The inactive services shall be retired as required by Rule 25-12.045, Florida Administrative Code. In addition, the company shall file status reports on the survey activity and service line retirements each quarter. The Gas Engineering & Safety Section of the Commission's Division of Electric and Gas will specify the format and content requirements of these reports.

Based on the foregoing, it is

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

ORDERED that Florida Public Utilities Company is authorized to collect increased revenues of \$1,282,001. It is further

ORDERED that Florida Public Utilities Company shall file revised tariffs reflecting the increased rates and charges approved in this Order and shall file all other reports as described in the body of this Order within 60 days from the date of this Order. It is further

ORDERED that the rate increase authorized shall be effective on billings rendered for all meter readings taken on or after May 6, 1995. It is further

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

ORDERED that Florida Public Utilities Company shall complete a survey of inactive service lines by December 31, 1998, retire inactive service lines identified and file status reports of the survey activity and retirements each quarter as described in the body of this Order. It is further

ORDERED that this docket shall be closed after the period for reconsideration expires and after the company files its revised tariffs.

By ORDER of the Florida Public Service Commission, this 26th day of April, 1995.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

ORDER NO. PSC-95-0518-FOF-GU  
DOCKET NO. 940620-GU  
PAGE 14

FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET 940620-GU  
COMPARATIVE AVERAGE RATE BASES  
TYE 12/31/95

ATTACHMENT 1  
26-APRIL-95

ISSUE NO.	COMPANY					COMMISSION VOTE	
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMPANY REVISIONS	COMPANY REVISED	COMM. ADJS.	COMM. ADJUSTED
	Plant In Service	37,740,981	1,908,454	38,648,435		38,648,435	38,648,435
5	Restate to 12/31/84 actual			0	37,800	37,800	37,800
6	Blanket construction projects			0	520,743	520,743	520,743
7	Inactive service lines			0	0	(22,531)	(22,531)
9	Nonutility plant			0	(22,300)	(22,300)	(22,300)
14	Recteassy from plant to CWP			0	0	(298,194)	(298,194)
	<b>Total Plant In Service</b>	<b>37,740,981</b>	<b>1,908,454</b>	<b>38,648,435</b>	<b>538,243</b>	<b>40,185,678</b>	<b>215,518</b>
10	Common Plant Allocated	827,500	403,965	1,231,594	(98,864)	1,132,730	(337,195)
	Acquisition Adjustment	303,400		303,400		303,400	303,400
14	Construction Work in Progress			0		0	298,194
	<b>TOTAL ADDITIONS</b>	<b>38,871,980</b>	<b>2,312,449</b>	<b>41,184,429</b>	<b>437,379</b>	<b>41,821,808</b>	<b>178,517</b>
	<b>DEDUCTIONS</b>						
	Accum. Depr. - Plant In Service	12,748,170	1,311,401	14,059,571		14,059,571	14,059,571
8	Blanket construction projects			0		0	5,693
7	Inactive service lines			0		0	(23,286)
9	Nonutility plant			0		0	(26,783)
14	Recteassy from Plant to CWP			0		0	(5,099)
16	Depreciation rate change (decrease), etc.			0	(814,748)	(814,748)	(483,096)
		12,748,170	1,311,401	14,059,571	(814,748)	13,544,823	(542,571)
10	Common plant allocated, etc.	313,498	77,470	391,168	(9,456)	381,712	(11,462)
	Accum. Amort. - Acq. Adj.	318,785	(956)	317,829		317,829	317,829
	Customer Adv. for Correl.	272,209	(4,411)	267,798		267,798	267,798
	<b>TOTAL DEDUCTIONS</b>	<b>13,652,662</b>	<b>1,383,504</b>	<b>15,036,366</b>	<b>(924,204)</b>	<b>14,512,162</b>	<b>(554,033)</b>
	<b>NET</b>	<b>25,219,118</b>	<b>928,945</b>	<b>26,148,063</b>	<b>513,175</b>	<b>27,109,646</b>	<b>730,550</b>
	WORKING CAPITAL ALLOWANCE	188,805	103,066	291,871	0	291,871	73,032
	<b>TOTAL RATE BASE</b>	<b>25,407,923</b>	<b>1,032,011</b>	<b>26,437,934</b>	<b>513,175</b>	<b>27,399,517</b>	<b>803,582</b>



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FLORIDA PUBLIC UTILITIES COMPANY  
 DOCKET NO. 940620-GU  
 COMPARATIVE WORKING CAPITAL COMPONENTS  
 TVE 12/31/95

ATTACHMENT 1A  
 26 - APRIL - 95

<u>ISSUE NO.</u>	<u>ADJUSTED PER CO.</u>	<u>COMMISSION ADJ.</u>	<u>COMMISSION ADJUSTED</u>
WORKING CAPITAL	289,871		289,871
19 Remove unamortized rate case		(70,213)	(70,213)
20 Remove net gas underrecovery		(84,763)	(84,763)
21 Remove environmental tax liability		37,471	37,471
36 Deferred debit for piping allowances		54,878	54,878
39 Deferred debit for conversions		85,643	85,643
40 Insurance reserve and expense		49,354	49,354
42 Decrease in FASB 108 expense		13,044	13,044
45 Uncollectible accounts		(12,382)	(12,382)
			0
			0
			0
TOTALS	<u>289,871</u>	<u>73,052</u>	<u>362,923</u>

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DOCKET NO. 940620-GU  
FPUC CONSOLIDATED GAS DIVISION  
PROJECTED TEST YEAR ENDING DECEMBER 31, 1995

ATTACHMENT 2  
26-APRIL-95

	PER BOOKS	COMMISSION ADJUSTMENTS			WEIGHT	COST RATE	WEIGHTED COST
		SPECIFIC	PRO RATA	ADJUSTED			
COMMON EQUITY	8,754,189	(14,710)	296,866	9,036,357	33.17%	11.40%	3.78%
PREFERRED STOCK	239,468	0	8,135	247,593	0.91%	4.75%	0.04%
LONG TERM DEBT	9,173,242	0	311,622	9,484,864	34.82%	9.93%	3.46%
SHORT TERM DEBT	1,787,854	0	60,736	1,848,692	6.79%	6.93%	0.47%
CUSTOMER DEPOSITS	1,712,702	0		1,712,702	6.29%	6.60%	0.41%
TAX CREDITS - ZERO COST	22,170	0		22,170	0.08%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	741,282	0		741,282	2.72%	10.24%	0.28%
ACC DEF INC TAXES - ZERO COST	4,006,937	140,939		4,147,876	15.23%	0.00%	0.00%
	<u>\$28,437,934</u>	<u>\$126,221</u>	<u>\$677,381</u>	<u>\$27,241,536</u>	100.00%		<u>8.44%</u>
						OVERALL RATE OF RETURN	8.44%
						EQUITY RATIO	44%

ORDER NO. PSC-95-0518-FOF-GU  
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FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 940620-GU  
COMPARATIVE NOW  
TYE 12/31/95

ATTACHMENT 3  
Page 1 of 2

28-APRIL-95

ISSUE NO.	COMPANY				COMMISSION VOTE		
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMPANY REVISIONS	COMPANY REVISED	COMM. ADJS.	COMM. ADJUSTED
OPERATING REVENUES	27,190,339		27,190,339		27,190,339		27,190,339
Fuel Revenue Adjustment		(16,080,700)	(16,080,700)		(16,080,700)		(16,080,700)
Other Operating Revenues	208,163		208,163		208,163		208,163
18 Interest Income			0		0	7,735	7,735
48 Approved marketing programs & staffing			0		0	100,703	100,703
<b>Totals</b>	<b>27,398,502</b>	<b>(16,080,700)</b>	<b>11,317,802</b>	<b>0</b>	<b>11,317,802</b>	<b>108,438</b>	<b>11,426,240</b>
<b>OPERATING EXPENSES:</b>							
Operation and Maintenance	23,636,390		23,636,390		23,636,390		23,636,390
Fuel Revenue Adjustment		(16,020,600)	(16,020,600)		(16,020,600)		(16,020,600)
32 Chamber of Commerce dues (930.2; 912)			0		0	(1,939)	(1,939)
33 Rate case expense (929)			0		0	(7,954)	(7,954)
34 Image building advertising (913)			0		0	(7,871)	(7,871)
35 Legal expenses (923.2)			0		0	(10,328)	(10,328)
36 Piping allowances (916)			0		0	(39,000)	(39,000)
39 Conversions (916)			0		0	(85,093)	(85,093)
40 Insurance res. and exp. (926.2; 925)			0		0	(98,707)	(98,707)
41 Meter changeouts three-year average (876)			0		0	(8,121)	(8,121)
42 FASB 106 expense (926.3)			0		0	(26,088)	(26,088)
43 Color poster pocket folders (912)			0		0	(2,104)	(2,104)
44 Medical related absences (876; 663)			0		0	(26,758)	(26,758)
45 Uncollectible accounts (904)			0		0	(5,980)	(5,980)
46 Commodity use gas (921)			0		0	(23,288)	(23,288)
48 Approved marketing programs & staffing			0		0	(101,129)	(101,129)
49 Disapproved marketing prog. & staffing			0		0	(55,000)	(55,000)
50 Sales benchmark variance			0		0	(4,573)	(4,573)
32 Effect of changing trend factors			0		0	20,246	20,246
<b>Total O &amp; M Expense</b>	<b>23,636,390</b>	<b>(16,020,600)</b>	<b>7,615,790</b>	<b>0</b>	<b>7,615,790</b>	<b>(486,645)</b>	<b>7,129,145</b>

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FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 940620-GU  
COMPARATIVE MONTHLY  
TYPE 12/31/96

ATTACHMENT 3  
Page 2 of 2  
28-APRIL-95

ISSUE NO.	COMPANY					COMMISSION VOTE	
	TOTAL PER STOCK	COMPANY ADJS.	COMPANY ADJUSTED	COMPANY REVISIONS	COMPANY REVISED	COMM. ADJS.	COMM. ADJUSTED
	1,812,318		1,812,318	(202,299)	1,410,219		1,812,318
6			0		0	16,734	16,734
7			0		0	(1,510)	(1,510)
9			0		0	(7,387)	(7,387)
10			0		0	2,038	2,038
14			0		0	(10,198)	(10,198)
38			0		0	8,378	8,378
39			0		0	18,571	18,571
54			0		0	(210,542)	(210,542)
	<u>1,812,318</u>	<u>0</u>	<u>1,812,318</u>	<u>(202,299)</u>	<u>1,410,219</u>	<u>(182,898)</u>	<u>1,429,820</u>
	240,000		240,000		240,000		240,000
	1,043,331	(80,100)					
55			547,498		547,498	(21,445)	526,053
56			382,708		382,708	(8,313)	374,395
58			41,878		41,878	378	42,256
			11,148		11,148		11,148
	<u>1,043,331</u>	<u>(80,100)</u>	<u>983,231</u>	<u>0</u>	<u>983,231</u>	<u>(29,380)</u>	<u>953,851</u>
57	(70,248)		(70,248)	84,998	(5,248)	352,564	182,418
57	(12,853)		(12,853)	11,126	(1,727)	43,251	30,388
	(38,890)	0	(38,890)		(38,890)	0	(38,890)
57			0		0	(28,098)	(28,098)
	<u>(121,789)</u>	<u>0</u>	<u>(121,789)</u>	<u>76,124</u>	<u>(45,663)</u>	<u>289,907</u>	<u>148,118</u>
	<u>28,418,458</u>	<u>(18,089,700)</u>	<u>10,328,758</u>	<u>(126,175)</u>	<u>10,202,573</u>	<u>(408,037)</u>	<u>9,821,713</u>
	<u>388,082</u>	<u>0</u>	<u>388,082</u>	<u>126,175</u>	<u>1,114,227</u>	<u>312,375</u>	<u>1,304,527</u>

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FLORIDA PUBLIC UTILITIES COMPANY - GAS DIVISION  
 O & M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Attachment 3A  
 26 - APRIL - 95  
 COMMISSION  
 VOTE

TREND BASIS	PROJECTION YEARS		
	1994	1995	
Inflation only (CPI)	1	102.60%	102.90%
Customer Growth	2	100.73%	102.54%
Payroll Increases	3	103.00%	103.50%
Sales/Units	4	99.01%	108.21%
Revenues/\$	5	96.71%	109.20%
Inflation X Customer Growth	6	103.35%	105.51%
Payroll X Customer Growth	7	103.79%	108.13%
Other	8	NONTRENDED	

ACCT. NO.	PRIMARY ACCOUNTS	ADJUSTED HISTORIC YEAR 1993	PROJECTION YEARS		TREND BASIS
			1994	1995	
<b>Other Gas Supply Expenses:</b>					
813	Other Gas Supply Expense				
	Payroll Trended	48,416	48,668	51,813	3
	Non Payroll Trended	8,734	10,080	10,814	8
	Other Non-Trended	4,423	4,549	32,708	9
	<b>Total</b>	<b>61,573</b>	<b>63,477</b>	<b>94,332</b>	
	<b>Total Other Gas Supply Expense</b>	<b>61,573</b>	<b>63,477</b>	<b>94,332</b>	
<b>Distribution Expenses:</b>					
870	Operation Supervision & Engineering				
	Payroll Trended	138,870	144,088	149,108	3
	Non Payroll Trended	17,410	17,863	18,361	1
	Other Non-Trended				
	<b>Total</b>	<b>157,280</b>	<b>161,929</b>	<b>167,469</b>	
871	Distribution Load Dispatching				
	Payroll Trended	2,998	3,086	3,194	3
	Non Payroll Trended	15,300	15,808	16,153	1
	Other Non-Trended				
	<b>Total</b>	<b>18,298</b>	<b>18,784</b>	<b>19,347</b>	
872	Compressor Station Labor & Expense				
	Payroll Trended	3			1
	Non Payroll Trended				
	Other Non-Trended				
	<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	
874	Main & Service Expense				
	Payroll Trended	264,106	274,010	280,807	7
	Non Payroll Trended	88,280	92,271	97,355	6
	Other Non-Trended		18,100	46,032	8
	<b>Total</b>	<b>352,386</b>	<b>362,381</b>	<b>434,194</b>	
875	Measuring & Regulating Station - General	(4)			3
	Non Payroll Trended				
	Other Non-Trended				
	<b>Total</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	
876	Measure & Regulating Station - Industrial				
	Payroll Trended	480	505	523	3
	Non Payroll Trended	1,843	1,984	2,052	1
	Other Non-Trended				
	<b>Total</b>	<b>2,323</b>	<b>2,489</b>	<b>2,575</b>	

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FLORIDA PUBLIC UTILITIES COMPANY - GAS DIVISION  
O & M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Attachment 3A  
28 - APRIL - 95  
COMMISSION  
VOTE

TREND BASIS		PROJECTION YEARS	
		1994	1995
Inflation only (CPI)	1	102.80%	102.90%
Customer Growth	2	100.73%	102.54%
Payroll Increases	3	103.00%	103.50%
Salaries/Units	4	98.01%	108.21%
Revenues/\$	5	98.71%	108.20%
Inflation X Customer Growth	6	103.38%	105.51%
Payroll X Customer Growth	7	103.79%	108.13%
Other	8	NONTRENDED	

ACCT. NO.	PRIMARY ACCOUNTS	ADJUSTED HISTORIC YEAR	PROJECTION YEARS		TREND BASIS
		1993	1994	1995	
877	Measure & Regulating Station - City Gate				
	Payroll Trended	4,195	4,321	4,472	3
	Non Payroll Trended	9,153	9,391	9,683	1
	Other Non-Trended				
	<b>Total</b>	<b>13,348</b>	<b>13,712</b>	<b>14,155</b>	
878	Meas & House Regulator Expense				
	Payroll Trended	587,008	608,021	648,354	7
	Non Payroll Trended	170,828	178,548	178,158	8
	Other Non-Trended		26,750	15,822	8
	<b>Total</b>	<b>757,836</b>	<b>811,320</b>	<b>842,134</b>	
879	Customer Service Expense				
	Payroll Trended	230,918	238,575	254,281	7
	Non Payroll Trended	(89,219)	(71,812)	(78,214)	7
	Other Non-Trended				
	<b>Total</b>	<b>141,699</b>	<b>166,763</b>	<b>176,067</b>	
880	Other Expense Meas & Records				
	Payroll Trended	345,204	358,148	380,104	7
	Non Payroll Trended	138,888	143,538	151,448	8
	Other Non-Trended		8,000	18,572	8
	<b>Total</b>	<b>484,092</b>	<b>509,686</b>	<b>549,124</b>	
881	Rents				
	Payroll Trended				
	Non Payroll Trended	6,538	7,119	7,325	1
	Other Non-Trended				
	<b>Total</b>	<b>6,538</b>	<b>7,119</b>	<b>7,325</b>	
	<b>Total Distribution Expense</b>	<b>1,955,305</b>	<b>2,072,186</b>	<b>2,214,368</b>	
Distribution Maintenance Expense:					
885	Maintenance Supervision & Engineering				
	Payroll Trended	39,018	40,188	41,588	3
	Non Payroll Trended	4,878	5,005	5,151	1
	Other Non-Trended				
	<b>Total</b>	<b>43,896</b>	<b>45,193</b>	<b>46,739</b>	
886	Maintenance of Structures & Improvements				
	Payroll Trended	31	32	33	3
	Non Payroll Trended	1,803	1,845	1,893	1
	Other Non-Trended				
	<b>Total</b>	<b>1,834</b>	<b>1,877</b>	<b>1,926</b>	

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FLORIDA PUBLIC UTILITIES COMPANY - GAS DIVISION  
 O & M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Attachment 3A  
 28 - APRIL - 95  
 COMMISSION  
 VOTE

TREND BASIS	PROJECTION YEARS		
	1994	1995	
Inflation only (CPI)	1	102.80%	102.90%
Customer Growth	2	100.73%	102.54%
Payroll Increases	3	103.00%	103.50%
Sales/Units	4	99.01%	108.21%
Revenues/\$	5	98.71%	108.20%
Inflation X Customer Growth	6	103.30%	105.51%
Payroll X Customer Growth	7	103.79%	108.13%
Other	8	NONTRENDED	

ACCT. NO.	PRIMARY ACCOUNTS	ADJUSTED HISTORIC YEAR 1993	PROJECTION YEARS		TREND BASIS
			1994	1995	
887	Maintenance of Mains				
	Payroll Trended	182,520	188,815	178,951	7
	Non Payroll Trended	112,488	118,237	122,642	8
	Other Non-Trended		30,000	31,200	8
	<b>Total</b>	<b>274,388</b>	<b>314,852</b>	<b>332,793</b>	
888	Maintenance of Mains & Reg. Station - General				
	Payroll Trended	1,277	1,315	1,361	3
	Non Payroll Trended	567	582	588	1
	Other Non-Trended				
	<b>Total</b>	<b>1,844</b>	<b>1,897</b>	<b>1,950</b>	
889	Maintenance of Mains & Reg. Station - Industrial				
	Payroll Trended	41	42	43	3
	Non Payroll Trended	582	577	584	1
	Other Non-Trended				
	<b>Total</b>	<b>623</b>	<b>619</b>	<b>627</b>	
891	Maintenance of Mains & Reg. Station - City Gate				
	Payroll Trended	16,185	16,850	17,233	3
	Non Payroll Trended	8,844	8,074	8,337	1
	Other Non-Trended				
	<b>Total</b>	<b>25,029</b>	<b>24,924</b>	<b>25,570</b>	
892	Maintenance of Services				
	Payroll Trended	48,478	51,333	54,480	7
	Non Payroll Trended	16,071	15,576	16,434	6
	Other Non-Trended				
	<b>Total</b>	<b>64,549</b>	<b>66,909</b>	<b>70,914</b>	
893	Maintenance of Meters & House Regulators				
	Payroll Trended	128,088	133,829	128,539	7
	Non Payroll Trended	19,048	19,887	20,772	8
	Other Non-Trended				
	<b>Total</b>	<b>147,137</b>	<b>153,716</b>	<b>149,311</b>	
894	Maintenance of Other Equipment				
	Payroll Trended	524	544	577	7
	Non Payroll Trended	118	122	128	8
	Other Non-Trended		0		
	<b>Total</b>	<b>642</b>	<b>666</b>	<b>705</b>	
	<b>Total Distribution Maintenance</b>	<b>581,304</b>	<b>611,158</b>	<b>628,324</b>	

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FLORIDA PUBLIC UTILITIES COMPANY - GAS DIVISION  
O & M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Attachment 3A  
28-APRIL-95  
COMMISSION  
VOTE

TREND BASIS	PROJECTION YEARS		
	1994	1995	
Inflation only (CP)	1	102.80%	102.90%
Customer Growth	2	100.73%	102.54%
Payroll Increase	3	103.00%	103.50%
Sales/Units	4	99.01%	108.21%
Revenue/\$	5	98.71%	108.20%
Inflation X Customer Growth	6	103.35%	105.51%
Payroll X Customer Growth	7	103.75%	108.13%
Other	8	NONTRENDED	

ACCT. NO. PRIMARY ACCOUNTS	ADJUSTED HISTORIC YEAR	PROJECTION YEARS		TRENDS BASIS
		1993	1994	
<b>Customer Account Expenses:</b>				
901 Supervision				
Payroll Trended	56,188	57,872	59,898	3
Non Payroll Trended	4,285	4,378	4,503	1
Other Non-Trended				
Total	60,473	62,250	64,401	
902 Meter Reading Expenses				
Payroll Trended	201,428	208,982	221,793	7
Non Payroll Trended	41,355	42,740	45,085	6
Other Non-Trended				
Total	242,783	251,722	266,878	
903 Customer Records & Collections				
Payroll Trended	386,458	400,950	425,528	7
Non Payroll Trended	202,417	209,188	220,725	6
Other Non-Trended				
Total	588,875	610,138	646,253	
904 Uncollectible Accounts				
Payroll Trended				
Non Payroll Trended	55,198	54,484	52,972	5
Other Non-Trended				
Total	55,198	54,484	52,972	
905 Miscellaneous Customer Account				
Payroll Trended	11,501	11,832	12,843	7
Non Payroll Trended	33,418	34,835	36,438	6
Other Non-Trended				
Total	44,919	46,667	49,281	
<b>Total Customer Acct. Expense</b>	<b>1,022,222</b>	<b>1,029,089</b>	<b>1,079,815</b>	
<b>Customer Service &amp; Info. Expense:</b>				
906 Customer Assistance				
Payroll Trended	530	548	0	6
Non Payroll Trended			0	
Other Non-Trended			0	
Total	530	548	0	
908 Informational & Instructional Advertising				
Payroll Trended			0	
Non Payroll Trended			0	
Other Non-Trended			0	
Total	0	0	0	
<b>Total Customer Service &amp; Info Expense</b>	<b>530</b>	<b>548</b>	<b>0</b>	



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FLORIDA PUBLIC UTILITIES COMPANY - GAS DIVISION  
 O & M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Attachment 3A  
 26 - APRIL - 95  
 COMMISSION  
 VOTE

TREND BASIS		PROJECTION YEARS	
		1994	1995
Inflation only (CPI)	1	102.80%	102.90%
Customer Growth	2	100.73%	102.54%
Payroll Increases	3	103.00%	103.50%
Sales/Write	4	99.01%	108.21%
Reversals/	5	88.71%	108.20%
Inflation X Customer Growth	6	103.35%	105.51%
Payroll X Customer Growth	7	103.75%	108.13%
Other	8	NONTRENDED	

ACCT. NO.	PRIMARY ACCOUNTS	ADJUSTED HISTORIC YEAR	PROJECTION YEARS		TREND BASIS
			1993	1994	
<b>Sales Expense:</b>					
911	Supervision				
	Payroll Trended	82,784	85,268	88,252	3
	Non Payroll Trended	14,247	14,617	15,041	1
	Other Non-Trended				
	<b>Total</b>	<b>97,031</b>	<b>99,885</b>	<b>103,293</b>	
912	Selling & Demonstrating Expense				
	Payroll Trended	308,422	318,988	330,803	7
	Non Payroll Trended	80,150	82,188	86,931	6
	Other Non-Trended		17,733	82,090	8
	<b>Total</b>	<b>388,572</b>	<b>398,688</b>	<b>480,624</b>	
913	Advertising Expense				
	Payroll Trended	33,821	34,954	36,880	6
	Non Payroll Trended			119,171	6
	Other Non-Trended				
	<b>Total</b>	<b>33,821</b>	<b>34,954</b>	<b>156,051</b>	
916	Miscellaneous Sales Expense				
	Payroll Trended	87,508	90,787	96,352	7
	Non Payroll Trended	147,388	182,303	198,029	8
	Other Non-Trended			18,333	8
	<b>Total</b>	<b>234,896</b>	<b>273,090</b>	<b>304,714</b>	
	<b>Total Sales Expense</b>	<b>734,298</b>	<b>777,515</b>	<b>880,682</b>	
<b>Administrative &amp; General Expenses:</b>					
920	Administrative & General Salaries				
	Payroll Trended	658,836	675,613	689,258	3
	Non Payroll Trended				
	Other Non-Trended				
	<b>Total</b>	<b>658,836</b>	<b>675,613</b>	<b>689,258</b>	
921	Office Supplies & Expenses				
	Payroll Trended	228	235	243	3
	Non Payroll Trended	182,953	187,180	148,771	1
	Other Non-Trended				
	<b>Total</b>	<b>183,181</b>	<b>187,415</b>	<b>149,014</b>	
923	Outside Service Employees - Supervisory Fees				
	Payroll Trended				
	Non Payroll Trended	30,885	31,483	32,408	1
	Other Non-Trended	2,940	2,940	5,852	8
	<b>Total</b>	<b>33,825</b>	<b>34,423</b>	<b>38,260</b>	

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FLORIDA PUBLIC UTILITIES COMPANY - GAS DIVISION  
O & M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Attachment 3A  
28 - APRIL - 05  
COMMISSION  
VOTE

TREND BASIS	PROJECTION YEARS	
	1994	1995
Inflation only (CPI)	102.00%	102.00%
Customer Growth	100.73%	102.54%
Payroll Increases	103.00%	103.50%
Sales/Units	99.01%	108.21%
Revenues/\$	99.71%	108.20%
Inflation X Customer Growth	103.38%	105.51%
Payroll X Customer Growth	103.78%	108.13%
Other	NONTRENDED	

ACCT. NO. PRIMARY ACCOUNTS	ADJUSTED HISTORIC YEAR	PROJECTION YEARS		TREND BASIS
	1993	1994	1995	
923 Outside Service Employees - Legal Fees				
Payroll Trended		28,953	27,654	18,130
Non Payroll Trended				
Other Non-Trended				
<b>Total</b>		<b>28,953</b>	<b>27,654</b>	<b>18,130</b>
923 Outside Service Employees - Other				
Payroll Trended		44,730	48,893	47,224
Non Payroll Trended				
Other Non-Trended				
<b>Total</b>		<b>44,730</b>	<b>48,893</b>	<b>47,224</b>
924 Property Insurance				
Payroll Trended				
Non Payroll Trended		18,303	20,283	21,276
Other Non-Trended				
<b>Total</b>		<b>18,303</b>	<b>20,283</b>	<b>21,276</b>
925 Injuries & Damages				
Payroll Trended		(42,718)	(43,898)	(45,538)
Non Payroll Trended				
Other Non-Trended		573,049	563,880	610,013
<b>Total</b>		<b>530,331</b>	<b>519,982</b>	<b>564,475</b>
926 Employee Pensions/Benefits - Pensions				
Payroll Trended				
Non Payroll Trended		(74,803)	(82,135)	(15,188)
Other Non-Trended				
<b>Total</b>		<b>(74,803)</b>	<b>(82,135)</b>	<b>(15,188)</b>
926 Employee Pensions/Benefits - Other				
Payroll Trended		(81,144)	(83,578)	(86,503)
Non Payroll Trended		414,003	448,291	384,843
Other Non-Trended				
<b>Total</b>		<b>332,859</b>	<b>364,713</b>	<b>298,340</b>
926 Retirees Benefits - Post Retirement				
Payroll Trended				
Non Payroll Trended		118,733	148,839	129,384
Other Non-Trended				
<b>Total</b>		<b>118,733</b>	<b>148,839</b>	<b>129,384</b>
926 Regulatory Commission Expense				
Payroll Trended		85,584	87,288	89,240
Non Payroll Trended		13,915		28,250
Other Non-Trended				
<b>Total</b>		<b>99,499</b>	<b>87,288</b>	<b>117,490</b>

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FLORIDA PUBLIC UTILITIES COMPANY - GAS DIVISION  
 O & M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Attachment 3A  
 26 - APRIL - 95  
 COMMISSION  
 VOTE

TREND BASIS	PROJECTION YEARS		TREND BASIS
	1994	1995	
Inflation only (CPI)	1	102.60%	102.90%
Customer Growth	2	100.73%	102.54%
Payroll Increases	3	103.00%	103.50%
Sales/Units	4	98.01%	106.21%
Revenues/\$	5	98.71%	108.20%
Inflation X Customer Growth	6	103.33%	105.51%
Payroll X Customer Growth	7	103.73%	108.13%
Other	8	NONTRENDED	

ACCT. NO. PRIMARY ACCOUNTS	ADJUSTED HISTORIC YEAR	PROJECTION YEARS		TREND BASIS
	1993	1994	1995	
930 Intangible & Goodwill Advertising				
Payroll Trended				
Non Payroll Trended		1,411	1,448	1,480
Other Non-Trended				
Total		1,411	1,448	1,480
930 Miscellaneous General Expenses				
Payroll Trended				
Non Payroll Trended		41,781	42,847	43,372
Other Non-Trended				
Total		41,781	42,847	43,372
930 Industry Association Dues				
Payroll Trended				
Non Payroll Trended		21,497	22,066	22,806
Other Non-Trended			3,000	3,103
Total		21,497	25,066	25,798
931 Rents				
Payroll Trended				
Non Payroll Trended		4,565	4,684	4,820
Other Non-Trended				
Total		4,565	4,684	4,820
932 Maintenance of General Plant				
Payroll Trended		16,020	16,501	17,079
Non Payroll Trended		80,504	81,817	83,320
Other Non-Trended				
Total		96,524	98,318	100,409
Total Administrative & General		3,085,117	2,184,344	2,171,184
<b>TOTAL OPERATION &amp; MAINTENANCE EXPENSES</b>		<b>6,371,347</b>	<b>6,746,803</b>	<b>7,130,125</b>
Payroll Trended		3,780,083	3,914,183	4,110,132
Non-Payroll Trended		1,520,721	1,585,120	1,528,115
Other Non-Trended		1,070,563	1,248,330	1,511,878
<b>Total Operation &amp; Maintenance Expense</b>		<b>6,371,347</b>	<b>6,746,803</b>	<b>7,130,125</b>

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FLORIDA PUBLIC UTILITIES - GAS DIVISION  
DOCKET NO. 940620-GU  
NET OPERATING INCOME MULTIPLIER  
PTY 12/31/95

ATTACHMENT 4  
26 - APRIL - 1995

<u>DESCRIPTION</u>	<u>COMPANY AS FILED</u>	<u>COMMISSION VOTE</u>
REVENUE REQUIREMENT	100.0000%	100.0000%
GROSS RECEIPTS TAX RATE	0.0000%	0.0000%
REGULATORY ASSESSMENT FEE	0.3750%	0.3750%
BAD DEBT RATE	0.2800%	0.2500%
NET BEFORE INCOME TAXES	<u>99.3450%</u>	<u>99.3750%</u>
STATE INCOME TAX RATE	5.5000%	5.5000%
STATE INCOME TAX	5.4840%	5.4858%
NET BEFORE FED. INCOME TAXES	<u>93.8610%</u>	<u>93.8894%</u>
FEDERAL INCOME TAX RATE	34.0000%	34.0000%
FEDERAL INCOME TAXES	31.9185%	31.9292%
REVENUE EXPANSION FACTOR	<u>61.9615%</u>	<u>61.9802%</u>
NET OPERATING INCOME MULTIPLIER	<u>1.6139</u>	<u>1.6134</u>

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FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET 940620-GU  
COMPARATIVE DEFICIENCY CALCULATIONS  
TYE 12/31/98

ATTACHMENT 3  
28-APRIL-95

	COMPANY ADJUSTED	COMPANY REVISED	COMMISSION VOTE
RATE BASE (AVERAGE)	826,437,934	827,369,517	\$27,241,538
RATE OF RETURN REQUIRED NOI	X 8.61% <u>\$2,278,308</u>	X 8.61% <u>\$2,338,088</u>	X 8.44% <u>\$2,289,122</u>
Operating Revenue	<u>11,317,802</u>	<u>11,317,802</u>	<u>11,426,240</u>
Operating Expenses:			
Operation & Maintenance	7,615,790	7,615,790	7,150,125
Depreciation & Amortization	1,612,518	1,610,219	1,429,820
Amortization of Environ. Costs	240,000	240,000	240,000
Taxes Other than Income Taxes	983,231	983,231	953,851
Income Taxes	(121,789)	(45,689)	148,116
Total Operating Expenses	<u>10,329,750</u>	<u>10,203,575</u>	<u>9,921,713</u>
Achieved NOI	<u>888,052</u>	<u>1,114,227</u>	<u>1,504,527</u>
Net Revenue Deficiency	1,286,254 1,6139	1,244,871 1,6139	794,596 1,6134
TOTAL REVENUE DEFICIENCY	<u>\$2,079,130</u>	<u>\$2,009,105</u>	<u>\$1,282,001</u>
PERCENT OF ORIGINAL REQUESTED INCREASE		86.63%	81.88%

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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
 DOCKET NO. 940620-GU

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

ATTACHMENT 8

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0		0		100% capacity
INTANGIBLE PLANT:	0		0		.
PRODUCTION PLANT:	0		0		.
DISTRIBUTION PLANT:			110093		.
374 Land and Land Rights	110093		404182		.
375 Structures and improvements	404182		22342854		.
376 Mains	22342854		0		.
377 Comp. Sta. Eq.	0		158533		.
378 Mese & Reg Sta. Eq. - Gen	158533		1014055		.
379 Mese & Reg Sta. Eq. - CO	1014055	9671678			100% customer
380 Services	9671678	3442527			.
381 - 382 Meters	3442527	1123098			.
383 - 384 House Regulators	1123098		95301		100% capacity
385 Industrial Mese & Reg Eq.	95301	0	0	0	sc 374-385
386 Property on Customer Premises	0	60891	81005	0	sc 374-386
387 Other Equipment	141698	1348002	24217023	0	37706115
Total Distribution Plant	37706115	1528819	1628819		50% customer, 50% capacity
GENERAL PLANT:	3053237		303400		100% capacity
PLANT ACQUISITIONS:	303400		0		.
GAS PLANT FOR FUTURE USE:	0		0		.
CWIP:	298194	109677	191517	0	chm plant
<b>TOTAL PLANT</b>	<b>41380948</b>	<b>15122367</b>	<b>26238568</b>	0	41380948 checksum

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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
 DOCKET NO. 940620-GU

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

ATTACHMENT 6

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	related plant
INTANGIBLE PLANT:	0	0	0	0	rel plant account
PRODUCTION PLANT:	0	0	0	0	
DISTRIBUTION PLANT:					
375 Structures and Improvements	156573	0	156573	0	*
376 Mains	8434398	0	8434398	0	*
377 Compressor Sta. Eq.	0	0	0	0	*
378 Meas. & Reg. Sta. Eq. - Gen	13672	0	13672	0	*
379 Meas. & Reg. Sta. Eq. - CG	134827	0	134827	0	*
380 Services	2298259	2298259	0	0	*
381 - 382 Meters	1205511	1205511	0	0	*
383 - 384 House Regulators	331766	331766	0	0	*
385 In-hst. Meas. & Reg. Sta. Eq.	25812	0	25812	0	*
386 Property on Customer Premises	0	0	0	0	*
387 Other Equipment	41861	14988	26873	0	*
Total A.D. on Dist. Plant	12940712	3848524	8792186	0	12640712 checksum
GENERAL PLANT:	1250904	627887	627887	0	general plant
PLANT ACQUISITIONS:	317829	0	317829	0	plant acquisitions
RETIREMENT WORK IN PROGRESS:	0	0	0	0	distribution plant
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>14214535</b>	<b>4678521</b>	<b>8738014</b>	<b>0</b>	<b>14214535 checksum</b>
NET PLANT (Plant less Accum. Dep.)	27148411	10045886	16000645	0	27148411 checksum
less: CUSTOMER ADVANCES	-267788	-133888	-133888		50% cust 50% cap
plus: WORKING CAPITAL	362923	277847	81329	4047	oper. and maint. exp.
<b>equals: TOTAL RATE BASE</b>	<b>27241536</b>	<b>10789514</b>	<b>18447875</b>	<b>4047</b>	<b>27241536 checksum</b>

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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
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SCHEDULE - B (COST OF SERVICE)  
CLASSIFICATION OF EXPENSES  
(Page 1 of 2)

ATTACHMENT 6

OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	ac 301 - 320
PRODUCTION PLANT	0				100% capacity
DISTRIBUTION:					
870 Operation Supervision & Eng.	187480	123156	44333	0	ac 871 - 879
871 Dist Load Dispatch	19347				100% capacity
872 Compr. Sta. Lab. & Ex.	0	0	0	0	ac 377
873 Compr. Sta. Fuel & Power	0				100% commodity
874 Mains and Services	494164	123407	310787	0	ac 376 + ac 360
875 Meas. & Reg. Sta. Eq. - Gen	0	0	0	0	ac 378
876 Meas. & Reg. Sta. Eq. - Ind.	2375	0	2573	0	ac 365
877 Meas. & Reg. Sta. Eq. - CG	14135	0	14135	0	ac 379
878 Meter and House Reg.	840132	840132	0	0	ac 381 + ac 383
879 Customer Instal.	0	0	0	0	ac 366
880 Other Expenses	801262	801274	280086	0	ac 387
881 Parts	7325				100% capacity
882 Maintenance Supervision	46747	17831	28216	0	ac 886 - 894
883 Maint. of Struct. and Improv.	1726				ac 375
887 Maintenance of Mains	332783	0	332783	0	ac 376
888 Maint. of Comp. Sta. Eq.	0	0	0	0	ac 377
889 Maint. of Meas. & Reg. Sta. Eq. - Gen	1960	0	1960	0	ac 378
890 Maint. of Meas. & Reg. Sta. Eq. - Ind.	837	0	837	0	ac 365
891 Maint. of Meas. & Reg. Sta. Eq. - CG	28670	0	28670	0	ac 379
892 Maintenance of Services	70914	70914	0	0	ac 380
893 Maint. of Meters and House Reg.	147311	147311	0	0	ac 381 - 383
894 Maint. of Other Equipment	706	265	441	0	ac 387
Total Distribution Expenses	2918623	1823090	1091833	0	* checksum
CUSTOMER ACCOUNTS:					
801 Supervision	84401	84401			100% customer
802 Meter - Reading Expense	296888	296888			"
803 Records and Collection Exp.	846253	846253			"
804 Uncollectible Accounts	84082			84082	100% commodity
805 Misc. Expense	49101	49101			100% customer
Total Customer Accounts	1062735	1026443	0	80082	
(807 - 810) CUSTOMER SERV. & INFO. EXP.	0	0			"
(811 - 818) SALES EXPENSE	86082	86082			"
(832) MAINT. OF GEN. PLANT	70388	35200	35200	0	general plant
(820 - 831) ADMINISTRATION AND GENERAL	2100765	1806568	470766	23428	0 O&M excl. A&G
<b>TOTAL O&amp;M EXPENSE</b>	<b>7130504</b>	<b>6453084</b>	<b>1587901</b>	<b>79520</b>	* checksum



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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
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SCHEDULE - B (COST OF SERVICE)  
 CLASSIFICATION OF EXPENSES  
 (Page 2 of 2)

ATTACHMENT #

DEPRECIATION AND AMORTIZATION EXPENSE:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
Depreciation Expense	1429629	560847	868873	0		net plant
Amort. of Other Gas Plant	0		0			100% capacity
Amort. of Environmental Matters	240000			240000		100% commodity
Amort. of Limited-term Inv.	0	0	0	0		intangible plant
Amort. of Acquisition Adj.	0	0	0	0		intangible/gen plant
Amort. of Conversion Costs	0			0		100% commodity
Total Deprec. and Amort. Expense	1669629	560847	868873	240000	0	* checksum
<b>TAXES OTHER THAN INCOME TAXES:</b>						
Revenue Related	47064				47064	100% revenue
Other	811365	357465	554100	0		net plant
Total Taxes other than Income Taxes	858429	357465	554100	0	47064	
REV. CREDIT TO COSTS (NEG. OF OTHER C/P REV)	-238038	-238038				100% customer
RETURN (REQUIRED NEG)	2289122	810818	1368171	342		rate base
INCOME TAXES	627320	248341	378979	83	0	return/prop
<b>TOTAL OVERALL COST OF SERVICE</b>	<b>12448097</b>	<b>7281048</b>	<b>4788030</b>	<b>319855</b>	<b>47064</b>	* checksum

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SCHEDULE - C (COST OF SERVICE)

ATTACHMENT 6

COMPANY NAME: FLORIDA PUBLIC UTILITIES  
DOCKET NO. 940620-GU

	TOTAL	RESIDENTIAL	GENERAL SERVICE	LARGE VOL.	INTERRUPT	LQ VOL INTERRUPT
<b>CUSTOMER COSTS</b>						
No. of Customers	35894	31715	1687	1577	0	14
Weighting	NA	1	1	4	0	16
Weighted No. of Customers	41443	31715	2446	7051	0	250
Allocation Factors	1	0.76827176127	0.589484458	0.17014302681	0	0.00823874
	1	0.77007808908	0.587127398	0.17121117133	0	
<b>CAPACITY COSTS</b>						
Peak & Avg. Month Sales Vol. (Mwhrs)	11883080	1054710	1058472	4328663	0	886186
Allocation Factors	1	0.17836894532	0.0953228606	0.36067371184	0	0.08281811
	1	0.26827117374	0.143612828	0.38081589827	0	0.27481837
<b>COMMODITY COSTS</b>						
Annual Sales Vol. (Mwhrs)	81784335	6840833	4787322	84085850	0	4180180
Allocation Factors	1	0.14348635886	0.0787121313	0.38089850354	0	0.08734808
						0.52273885
<b>REVENUE-RELATED COSTS</b>						
Tax on Cust. Cap. & Commod.	45889	29889	6188	15442	0	963
Allocation Factors	1	0.64943208851	0.0804863174	0.33884387521	0	0.01818572
						0

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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
 DOCKET NO. 940620-GU

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

ATTACHMENT #

RATE BASE BY CUSTOMER CLASS	TOTAL *	RESIDENTIAL	COMMERCIAL	LARGE VOL.	INTERRUPT	LG VOL. INTERRUPT
<b>DIRECT AND SPECIAL ASSIGNMENTS:</b>						
Customer						
Meters	2297818	1711825	130522	396813	0	13856
House Regulators	782228	782228	0	0	0	0
Services	8375618	5632136	263884	1118798	0	41824
All Other	1184651	808586	68129	281560	0	7381
Total	18789514	8442868	563306	1700968	0	42371
Capacity						
Included Meter & Reg. Sm. Eq.	88488	0	0	88488	0	0
Meter & Reg Sm. Eq. - Gen.	145881	25728	13884	36884	0	8182
Meter	1388845	3888278	1878285	8187845	0	118848
All Other	2381178	588887	384183	1288871	0	218888
Total	18447875	4288882	2288872	8488388	0	338818
Commodity						
Account #	0	0	0	0	0	0
Account #	0	0	0	0	0	0
Account #	0	0	0	0	0	0
All Other	4847	581	818	1877	0	278
Total	4847	581	818	1877	0	278
<b>TOTAL</b>	<b>27241536</b>	<b>12882252</b>	<b>2878884</b>	<b>11188842</b>	<b>0</b>	<b>481282</b>

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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
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SCHEDULE B - B (COST OF SERVICE)  
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
Page 1 of 2

ATTACHMENT B

	TOTAL	RESIDENTIAL	COMMERCIAL	LARGE VOL.	INTERRUPT	LG VOL INTERRUPT
Customer	0	0	0	0	0	0
Capacity	0	0	0	0	0	0
Commodity	0	0	0	0	0	0
Revenue	0	0	0	0	0	0
Total	0	0	0	0	0	0
<b>OPERATIONS AND MAINTENANCE EXPENSE:</b>						
<b>DIRECT AND SPECIAL ASSIGNMENTS:</b>						
Customer	0	0	0	0	0	0
878 Meters and House Regulators	840132	648828	48018	148843	0	3241
883 Meters of Meters & House Reg	147911	117733	6585	25064	0	818
874 Meters & Services	123407	89587	8431	19820	0	8034
882 Meters of Services	78814	54284	4138	12086	0	442
All Other	4271329	3288720	248214	728735	0	28848
Total	6453884	4188248	317788	924727	0	38184
Capacity	0	0	0	0	0	0
878 Measuring & Reg. Str. Eq. - I	2878	0	0	2034	0	841
880 Meters of Meters & Reg Str Eq. - I	837	0	0	903	0	134
874 Meters and Services	318787	81884	44148	188836	0	3063
882 Meters of Meters	332783	87486	47281	183817	0	2141
All Other	851188	580882	155282	854443	0	8134
Total	1887881	418485	228721	831738	0	7831
Commodity	0	0	0	0	0	0
Accounts of	0	0	0	0	0	0
Accounts of	0	0	0	0	0	0
All Other	78828	11418	8188	38888	0	3887
Total	78828	11418	8188	38888	0	3887
<b>TOTAL O&amp;M</b>	<b>7138884</b>	<b>4888142</b>	<b>658828</b>	<b>1888452</b>	<b>0</b>	<b>94878</b>
<b>DEPRECIATION EXPENSE:</b>						
Customer	0	0	0	0	0	0
Capacity	888847	427884	32881	85887	0	2183
Total	888847	427884	32881	85887	0	2183
Customer	888873	218881	113785	474288	0	28883
Capacity	1428828	848875	148388	588278	0	38228
Total	2317601	1066756	262163	1062566	0	66111
<b>AMORT. OF GAS PLANT:</b>						
Capacity	0	0	0	0	0	0
<b>AMORT. OF ENVIRONMENTAL MATTERS:</b>						
Commodity	248888	34887	18411	83288	0	18188
<b>AMORT. OF LIMITED TERM INVEST.</b>						
Capacity	0	0	0	0	0	0
<b>AMORT. OF ACQUISITION ADJ.</b>						
Customer	0	0	0	0	0	0
Capacity	0	0	0	0	0	0
Total	0	0	0	0	0	0
<b>AMORT. OF CONVERSION COSTS:</b>						
Commodity	0	0	0	0	0	0

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**SCHEDULE - B (COST OF SERVICE)**  
**ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES**  
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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
 DOCKET NO. 940620-GU

ATTACHMENT 6

	TOTAL	RESIDENTIAL	COMMERCIAL	LARGE VOL.	INTERRUPT	LQ VOL. INTERRUPT
<b>TAXES OTHER THAN INCOME TAXES:</b>						
Customer	357485	273015	29815	80700	0	1178
Capacity	554100	140423	75885	311030	0	14117
Subtotal	811585	413438	86710	371740	0	15292
Revenue	47084	28329	4258	15458	0	618
Total	858669	431767	100968	387200	0	15910
<b>RETURN (NO)</b>						
Customer	810810	712858	49220	143558	0	5294
Capacity	1388171	358588	183808	798842	0	28378
Commodity	342	48	29	133	0	23
Total	2200122	1071494	243057	942533	0	33895
<b>INCOME TAXES</b>						
Customer	248841	184488	15437	38916	0	1437
Capacity	378898	87873	8888	210038	0	7800
Commodity	83	13	7	36	0	6
Total	627822	272374	24332	60058	0	2243
<b>REVENUE CREDITED TO COS:</b>						
Customer	-108886	-818386	-17883	-6108	0	0
<b>TOTAL COST OF SERVICE:</b>						
Customer	7291846	8989988	418848	1288134	0	48886
Capacity	5028838	1284887	883438	2827528	0	108858
Commodity	7885	11472	6133	21158	0	5388
Subtotal	12328669	10294887	1188421	4117818	0	168877
Revenue	47084	28329	4258	15458	0	618
Total	12448753	10323216	1192679	4133276	0	174521

**SUMMARY**

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ATTACHMENT 8

SCHEDULE - F (COST OF SERVICE)  
 DERIVATION OF REVENUE DEFICIENCY

COMPANY NAME: FLORIDA PUBLIC UTILITIES  
 DOCKET NO. 940620-GU

COST OF SERVICE BY CUSTOMER CLASS	TOTAL	RESIDENTIAL	GENERAL		INTERRUPT	LG. VOL INTERRUPT
			SERVICE	LARGE VOL.		
CUSTOMER COSTS	7,291,046	5,590,508	416,049	1,284,489	0	49,394
CAPACITY COSTS	5,029,030	1,264,887	663,438	2,827,825	0	104,875
COMMODITY COSTS	79,955	11,472	6,133	31,158	0	5,899
REVENUE COSTS	47,064	26,329	4,258	15,858	0	617
TOTAL	12,446,097	6,863,194	1,109,878	4,133,676	0	160,785
less: REVENUE AT PRESENT RATES (in the projected test year)	11,210,341	5,653,347	1,182,459	3,828,900	0	244,546
equals: GAS SALES REVENUE DEFICIENCY	1,235,756	1,209,847	(72,561)	208,016	0	(83,781)
plus: DEFICIENCY IN OTHER OPERATING REV.	46,171	34,382	5,689	6,100	0	0
equals: TOTAL BASE - REVENUE DEFICIENCY	1,281,927	1,244,229	(66,872)	214,116	0	(83,781)
UNIT COSTS:						
Customer	17.357867	14.810418	20.432818	86.950444	0.000000	294.012961
Capacity	0.453667	0.647067	0.646906	0.653028	0.000000	0.180640
Commodity	0.001295	0.001295	0.001295	0.001295	0.000000	0.001418

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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
 DOCKET NO. 940620-GU

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

ATTACHMENT 6

	TOTAL	RESIDENTIAL	GENERAL SERVICE	LARGE VOL.		INTERRUPT	LG. VOL INTERRUPT
<b>REVENUES: (projected test year)</b>							
Gas Sales (due to growth)	11,210,341	5,853,347	1,182,458	3,825,660	0	244,546	204,328
Other Operating Revenue	183,157	181,013	12,144	0	0	0	0
<b>Total</b>	<b>11,403,498</b>	<b>5,834,360</b>	<b>1,194,603</b>	<b>3,825,660</b>	<b>0</b>	<b>244,546</b>	<b>204,328</b>
<b>EXPENSES:</b>							
Purchased Gas Cost	0	0	0	0	0	0	0
O&M Expenses	7,130,504	4,588,142	550,820	1,989,452	0	56,365	34,578
Depreciation Expenses	1,429,820	641,575	148,306	589,278	0	30,226	40,137
Amortization Expenses	240,000	34,437	16,411	63,626	0	16,666	79,852
Taxes Other Than Income--Fixed	811,595	413,438	98,710	371,749	0	14,405	15,292
Taxes Other Than Income--Revenue	42,038	21,200	4,434	14,721	0	817	766
<b>Total Expense excl. Income Taxes</b>	<b>9,753,758</b>	<b>5,709,692</b>	<b>818,482</b>	<b>2,938,726</b>	<b>0</b>	<b>118,601</b>	<b>170,625</b>
<b>INCOME TAXES:</b>	<b>148,118</b>	<b>89,010</b>	<b>15,568</b>	<b>80,728</b>	<b>0</b>	<b>2,179</b>	<b>538</b>
<b>NET OPERATING INCOME:</b>	<b>1,501,622</b>	<b>55,457</b>	<b>360,462</b>	<b>826,206</b>	<b>0</b>	<b>123,766</b>	<b>33,188</b>
<b>RATE BASE:</b>							
	27,241,536	12,892,252	2,579,988	11,188,842	0	400,895	98,554
<b>RATE OF RETURN</b>	<b>0.055123</b>	<b>0.004388</b>	<b>0.125181</b>	<b>0.082927</b>	<b>0.000000</b>	<b>0.308679</b>	<b>0.336549</b>

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COMPANY NAME: FLORIDA PUBLIC UTILITIES  
DOCKET NO. 940620-GU

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

ATTACHMENT 8

	TOTAL	RESIDENTIAL	GENERAL		INTERRUPT	LG. VOL INTERRUPT
			SERVICE	LARGE VOL.		
<b>REVENUES:</b>						
Gas Sales	12,446,087	6,014,128	1,324,848	4,875,326	0	218,888
Other Operating Revenue	238,328	215,395	17,833	6,100	0	0
<b>Total</b>	<b>12,684,415</b>	<b>6,229,523</b>	<b>1,342,681</b>	<b>4,881,426</b>	<b>0</b>	<b>218,888</b>
<b>EXPENSES:</b>						
Purchased Gas Cost	0	0	0	0	0	0
O&M Expenses	7,130,804	4,599,142	850,820	1,880,482	0	34,578
Depreciation Expenses	1,429,820	641,878	148,306	664,276	0	40,137
Amortization Expenses	240,000	34,437	18,411	83,528	0	79,852
Taxes Other Than Income -- Fixed	911,885	413,438	98,710	371,748	0	15,292
Taxes Other Than Income -- Revenue	47,864	22,853	4,987	17,157	0	813
<b>Total Expense excl. Income Taxes</b>	<b>9,759,773</b>	<b>5,711,245</b>	<b>1,075,234</b>	<b>2,947,192</b>	<b>0</b>	<b>170,671</b>
<b>PRE TAX NOI:</b>	<b>2,924,642</b>	<b>518,278</b>	<b>267,447</b>	<b>1,840,264</b>	<b>0</b>	<b>48,217</b>
<b>INCOME TAXES:</b>	<b>627,620</b>	<b>111,127</b>	<b>112,218</b>	<b>381,699</b>	<b>0</b>	<b>9,886</b>
<b>NET OPERATING INCOME:</b>	<b>2,297,022</b>	<b>407,151</b>	<b>155,229</b>	<b>1,458,564</b>	<b>0</b>	<b>38,331</b>
<b>RATE BASE:</b>	<b>27,241,836</b>	<b>12,892,252</b>	<b>2,879,368</b>	<b>11,188,942</b>	<b>0</b>	<b>98,554</b>
<b>RATE OF RETURN</b>	<b>0.084386</b>	<b>0.032078</b>	<b>0.142760</b>	<b>0.118370</b>	<b>0.000000</b>	<b>0.365331</b>



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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 PROPOSED RATE DESIGN

COMPANY NAME: FLORIDA PUBLIC UTILITIES  
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	TOTAL	RESIDENTIAL	GENERAL SERVICE	LARGE VOL.		INTERRUPT	LG. VOL INTERRUPT
<b>PRESENT RATES (projected last year)</b>							
GAS SALES (due to growth)	11,210,341	5,653,347	1,182,459	3,925,660	0	244,546	204,320
OTHER OPERATING REVENUE	193,157	161,013	12,144	0	0	0	0
<b>TOTAL</b>	<b>11,403,498</b>	<b>5,814,360</b>	<b>1,194,603</b>	<b>3,925,660</b>	<b>0</b>	<b>244,546</b>	<b>204,320</b>
<b>RATE OF RETURN</b>	<b>8.81%</b>	<b>9.44%</b>	<b>12.52%</b>	<b>8.29%</b>	<b>0.00%</b>	<b>30.89%</b>	<b>33.85%</b>
<b>INDEX</b>	<b>1.00</b>	<b>0.06</b>	<b>2.27</b>	<b>1.50</b>	<b>0.00</b>	<b>5.60</b>	<b>6.11</b>
<b>PROPOSED RATES</b>							
GAS SALES	12,446,067	6,014,128	1,324,548	4,578,326	0	315,409	216,688
OTHER OPERATING REVENUE	239,328	215,395	17,833	6,100	0	0	0
<b>TOTAL</b>	<b>12,685,425</b>	<b>6,229,523</b>	<b>1,342,381</b>	<b>4,584,426</b>	<b>0</b>	<b>315,409</b>	<b>216,688</b>
<b>TOTAL REVENUE INCREASE</b>	<b>1,281,927</b>	<b>395,163</b>	<b>147,778</b>	<b>657,766</b>	<b>0</b>	<b>70,863</b>	<b>12,367</b>
<b>PERCENT INCREASE</b>	<b>11.24%</b>	<b>6.77%</b>	<b>12.37%</b>	<b>16.70%</b>	<b>0.00%</b>	<b>28.96%</b>	<b>6.05%</b>
<b>RATE OF RETURN</b>	<b>8.44%</b>	<b>3.21%</b>	<b>14.28%</b>	<b>11.54%</b>	<b>0.00%</b>	<b>28.53%</b>	<b>36.84%</b>
<b>INDEX</b>	<b>1.00</b>	<b>0.36</b>	<b>1.69</b>	<b>1.37</b>	<b>0.00</b>	<b>4.57</b>	<b>4.35</b>

COMPANY NAME: FLORIDA PUBLIC UTILITIES  
DOCKET NO. 940620-GU

COST OF SERVICE SUMMARY  
CALCULATION OF PROPOSED RATES

ATTACHMENT 6

	TOTAL	RESIDENTIAL	GENERAL SERVICE	LARGE VOL.		INTERRUPT	LG. VOL. INTERRUPT
PROPOSED TOTAL TARGET REVENUES	12,885,426	6,229,523	1,342,381	4,581,426	0	315,408	218,688
LESS: OTHER OPERATING REVENUE	238,328	215,385	17,833	6,100	0	0	0
LESS: CUSTOMER CHARGE REVENUES							
PROPOSED CUSTOMER CHARGES		\$8.00	\$15.00	\$45.00	\$0.00	\$240.00	\$1,000.00
TIMES: NUMBER OF BILLS	420,047	380,585	20,382	18,920	0	188	12
EQUALS: CUSTOMER CHARGE REVENUES	4,253,830	3,044,880	305,430	851,400	0	40,320	12,000
LESS: OTHER NON-THERM-RATE REVENUES							
EQUALS: PER-THERM TARGET REVENUES	8,182,287	2,988,448	1,019,118	3,723,928	0	278,088	204,688
DIVIDED BY: NUMBER OF THERMS	81,754,535	8,880,833	4,737,322	24,085,850	0	4,180,180	18,930,470
EQUALS: PER-THERM RATES (UNROUNDED)		0.336117	0.215125	0.154740	0.000000	0.066125	0.010270
PER-THERM RATES (ROUNDED)		0.33612	0.21513	0.15474	0.00000	0.06612	0.01027
PER-THERM-RATE REVENUES (ROUNDED RATES)	8,182,280	2,988,478	1,019,140	3,723,919	0	278,070	204,688
<b>SUMMARY: PROPOSED TARIFF RATES</b>							
CUSTOMER CHARGES		\$8.00	\$15.00	\$45.00	\$0.00	\$240.00	\$1,000.00
ENERGY CHARGES							
NON-GAS (CENTS PER THERM)		33.812	21.513	15.474	0.000	8.612	1.027
PURCHASED GAS ADJUSTMENT		17.430	17.430	17.430	0.000	0.000	0.000
TOTAL (INCLUDING PGA)		60.642	38.943	32.904	0.000	8.612	1.027
<b>SUMMARY: PRESENT TARIFF RATES</b>							
CUSTOMER CHARGES		\$8.00	\$10.00	\$30.00	\$0.00	\$180.00	\$1,000.00
ENERGY CHARGES							
NON-GAS (CENTS PER THERM)		31.870	21.580	14.563	0.000	5.114	1.004
PURCHASED GAS ADJUSTMENT		17.430	17.430	17.430	0.000	0.000	0.000
TOTAL (INCLUDING PGA)		48.300	39.010	31.993	0.000	5.414	1.004
<b>SUMMARY: OTHER OPERATING REVENUE</b>							
		PRESENT CHARGE	REVENUE	PROPOSED CHARGE	REVENUE		
INITIAL CONNECTION		\$21.00	\$12,701	\$25.00	\$13,125		
INITIAL CONNECTION - LVS		\$0.00	\$0	\$57.00	\$4,560		
RECONNECT AFTER DISCONNECT FOR CAUSE		\$17.00	\$88,511	\$21.00	\$108,927		
RECONNECT AFTER DISCONNECT FOR CAUSE - LVS		\$0.00	\$0	\$48.00	\$960		
RECONNECT AFTER DISCONNECT FOR NON-PAY		\$25.00	\$42,943	\$31.00	\$52,918		
RECONNECT AFTER DISCONNECT FOR NON-PAY - LVS		\$0.00	\$0	\$58.00	\$580		
BILL COLLECTION IN LIEU OF DISCONNECT		\$7.00	\$14,560	\$9.00	\$18,720		
CHANGE OF ACCOUNT		\$8.00	\$10,110	\$12.00	\$15,168		
RETURNED CHECK CHARGE		\$20.00	\$24,332	\$20.00	\$24,340		

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ATTACHMENT 6

FLORIDA PUBLIC UTILITIES CO.  
 DOCKET NO. 940620-GU

COST OF SERVICE SUMMARY  
 RATE COMPARISON

RATE SCHEDULE: RESIDENTIAL

PRESENT RATES

PROPOSED RATES

Customer Charge  
 8.00

Customer Charge  
 8.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	31.87

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	33.512

GAS COST CENTS/THERM  
 17.43

THERM USAGE INCREMENT  
 5

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	8.00	8.00	8.00	8.00	0.00	0.00	0.00
5	9.59	10.47	9.66	10.55	0.66	0.78	0.08
10	11.19	12.93	11.35	13.09	1.47	1.27	0.16
15	12.78	15.40	13.03	15.64	1.93	1.60	0.25
20	14.37	17.96	14.70	18.19	2.28	1.84	0.33
25	15.97	20.33	16.38	20.74	2.57	2.02	0.41
30	17.56	22.79	18.05	23.28	2.81	2.16	0.49
35	19.15	25.26	19.73	25.83	3.00	2.28	0.57
40	20.75	27.72	21.40	28.38	3.17	2.37	0.66
45	22.34	30.19	23.08	30.92	3.31	2.45	0.74
50	23.94	32.66	24.76	33.47	3.43	2.51	0.82
55	25.53	35.12	26.43	36.02	3.54	2.57	0.90
60	27.12	37.58	28.11	38.57	3.63	2.62	0.99
65	28.72	40.06	29.78	41.11	3.72	2.67	1.07
70	30.31	42.51	31.46	43.66	3.79	2.70	1.15
75	31.90	44.98	33.13	46.21	3.86	2.74	1.23
80	33.50	47.44	34.81	48.75	3.92	2.77	1.31
85	35.09	49.91	36.49	51.30	3.98	2.80	1.40
90	36.68	52.37	38.16	53.85	4.03	2.82	1.48
95	38.28	54.84	39.84	56.39	4.08	2.84	1.56

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ATTACHMENT 8

FLORIDA PUBLIC UTILITIES CO.  
DOCKET NO. 940620-GU

**COST OF SERVICE SUMMARY  
RATE COMPARISON**

RATE SCHEDULE: GENERAL SERVICE

PRESENT RATES

Customer Charge  
10.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	21.56

PROPOSED RATES

Customer Charge  
15.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	21.513

GAS COST CENTS/THERM  
17.43

THERM USAGE INCREMENT  
25

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	10.00	10.00	16.00	15.00	50.00	50.00	5.00
25	15.40	19.75	20.38	24.74	32.37	25.23	4.98
50	20.79	29.51	25.76	34.47	23.89	18.83	4.97
75	26.19	39.26	31.13	44.21	18.90	12.61	4.95
100	31.58	49.01	36.51	53.94	15.82	10.07	4.93
125	36.98	58.76	41.89	63.68	13.30	8.37	4.92
150	42.37	68.52	47.27	73.41	11.58	7.15	4.90
175	47.77	78.27	52.65	83.15	10.22	6.24	4.88
200	53.16	88.02	58.03	92.89	9.15	5.53	4.87
225	58.56	97.77	63.40	102.62	8.28	4.98	4.85
250	63.95	107.53	68.78	112.36	7.58	4.49	4.83
275	69.35	117.28	74.16	122.09	6.94	4.11	4.82
300	74.74	127.03	79.54	131.83	6.42	3.78	4.80
325	80.14	136.78	84.92	141.58	5.97	3.50	4.78
350	85.53	146.54	90.30	151.30	5.57	3.25	4.77
375	90.93	156.29	95.67	161.04	5.22	3.04	4.75
400	96.32	166.04	101.05	170.77	4.91	2.85	4.73
425	101.72	175.79	106.43	180.51	4.64	2.68	4.72
450	107.11	185.55	111.81	190.24	4.39	2.53	4.70
475	112.51	195.30	117.19	199.98	4.16	2.40	4.68

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ATTACHMENT 6

FLORIDA PUBLIC UTILITIES CO.  
 DOCKET NO. 940620-GU

**COST OF SERVICE SUMMARY  
 RATE COMPARISON**

**RATE SCHEDULE: GENERAL SERVICE LARGE VOLUME**

**PRESENT RATES**

Customer Charge  
 30.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	14.563

**PROPOSED RATES**

Customer Charge  
 45.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	15.474

GAS COST CENTS/THERM  
 17.43

THERM USAGE INCREMENT  
 250

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	30.00	30.00	45.00	45.00	50.00	50.00	15.00
250	66.41	106.98	63.66	127.26	26.02	15.71	17.26
500	102.82	169.97	122.37	209.52	19.02	10.29	19.56
750	139.22	269.95	161.06	291.76	15.66	6.69	21.83
1000	175.63	349.93	199.74	374.04	13.73	6.69	24.11
1250	212.04	429.91	238.43	456.30	12.44	6.14	26.39
1500	248.45	509.90	277.11	538.56	11.54	5.62	28.66
1750	284.85	589.88	315.80	620.82	10.66	5.25	30.94
2000	321.26	669.86	354.48	703.08	10.34	4.96	33.22
2250	357.67	749.84	393.17	785.34	9.82	4.73	35.50
2500	394.08	829.83	431.85	867.60	9.59	4.55	37.77
2750	430.48	909.81	470.54	949.86	9.30	4.40	40.05
3000	466.89	989.79	509.22	1,032.12	8.97	4.26	42.33
3250	503.30	1,069.77	547.91	1,114.36	8.66	4.17	44.61
3500	539.71	1,149.76	586.59	1,196.64	8.69	4.08	46.89
3750	576.11	1,229.74	625.28	1,278.90	8.53	4.00	49.16
4000	612.52	1,309.72	663.96	1,361.16	8.40	3.93	51.44
4250	648.93	1,389.70	702.65	1,443.42	8.26	3.87	53.72
4500	685.34	1,469.69	741.33	1,525.68	8.17	3.81	56.00
4750	721.74	1,549.67	780.02	1,607.94	8.07	3.76	58.27

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ATTACHMENT 8

COST OF SERVICE SUMMARY  
 RATE COMPARISON

FLORIDA PUBLIC UTILITIES CO.  
 DOCKET NO. 940620-GU

RATE SCHEDULE: PUBLIC HOUSING AUTH.

PRESENT RATES			PROPOSED RATES		
<u>Customer Charge</u>			<u>Customer Charge</u>		
8.00			8.00		
<u>Energy Charge</u>			<u>Energy Charge</u>		
Beginning therms	Ending therms	cents per therm	Beginning therms	Ending therms	cents per therm
0	0	0	0	0	0
0	N/A	23.982	0	N/A	33.512

GAS COST CENTS/THERM  
 17.43

THERM USAGE INCREMENT  
 5

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	8.00	8.00	8.00	8.00	0.00	0.00	0.00
5	9.20	10.07	9.68	10.55	5.18	4.73	0.48
10	10.40	12.14	11.35	13.09	8.17	7.85	0.95
15	11.60	14.21	13.03	15.04	12.33	10.06	1.43
20	12.80	16.28	14.70	16.19	14.88	11.71	1.91
25	14.00	18.35	16.38	20.74	17.02	12.98	2.38
30	15.19	20.42	18.05	23.26	18.62	14.00	2.86
35	16.38	22.49	19.73	25.83	20.35	14.83	3.34
40	17.59	24.56	21.40	28.38	21.67	15.52	3.81
45	18.79	26.64	23.06	30.92	22.82	16.10	4.29
50	19.99	28.71	24.78	33.47	23.84	16.80	4.77
55	21.19	30.78	26.43	36.02	24.74	17.03	5.24
60	22.39	32.85	28.11	38.57	25.54	17.41	5.72
65	23.59	34.92	29.78	41.11	26.28	17.74	6.18
70	24.79	36.99	31.46	43.66	26.91	18.04	6.67
75	25.99	39.06	33.13	46.21	27.50	18.30	7.15
80	27.19	41.13	34.81	48.75	28.04	18.54	7.62
85	28.38	43.20	36.49	51.30	28.54	18.75	8.10
90	29.58	45.27	38.16	53.85	28.98	18.95	8.58
95	30.78	47.34	39.84	56.39	29.41	19.12	9.05

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ATTACHMENT 8

FLORIDA PUBLIC UTILITIES CO.  
 DOCKET NO. 940620-GU

COST OF SERVICE SUMMARY  
 RATE COMPARISON

RATE SCHEDULE: INTERRUPTIBLE

PRESENT RATES

Customer Charge  
 180.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	5.414

PROPOSED RATES

Customer Charge  
 240.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	6.612

GAS COST CENTS/THERM

0

THERM USAGE INCREMENT

2500

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	180.00	180.00	240.00	240.00	50.00	50.00	80.00
2500	296.35	296.35	405.30	405.30	37.23	37.23	109.95
5000	430.70	430.70	570.60	570.60	32.48	32.48	139.90
7500	586.05	586.05	735.90	735.90	30.01	30.01	169.85
10000	761.40	761.40	901.20	901.20	28.49	28.49	199.80
12500	836.75	836.75	1,066.50	1,066.50	27.46	27.46	229.75
15000	972.10	972.10	1,231.80	1,231.80	26.72	26.72	259.70
17500	1,107.45	1,107.45	1,397.10	1,397.10	26.15	26.15	289.65
20000	1,242.80	1,242.80	1,562.40	1,562.40	25.72	25.72	319.60
22500	1,378.15	1,378.15	1,727.70	1,727.70	25.36	25.36	349.55
25000	1,513.50	1,513.50	1,893.00	1,893.00	25.07	25.07	379.50
27500	1,648.85	1,648.85	2,058.30	2,058.30	24.83	24.83	409.45
30000	1,784.20	1,784.20	2,223.60	2,223.60	24.63	24.63	439.40
32500	1,919.55	1,919.55	2,388.90	2,388.90	24.46	24.46	469.35
35000	2,054.90	2,054.90	2,554.20	2,554.20	24.30	24.30	499.30
37500	2,190.25	2,190.25	2,719.50	2,719.50	24.16	24.16	529.25
40000	2,325.60	2,325.60	2,884.80	2,884.80	24.05	24.05	559.20
42500	2,460.95	2,460.95	3,050.10	3,050.10	23.94	23.94	589.15
45000	2,596.30	2,596.30	3,215.40	3,215.40	23.85	23.85	619.10
47500	2,731.65	2,731.65	3,380.70	3,380.70	23.78	23.78	649.05

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ATTACHMENT 6

FLORIDA PUBLIC UTILITIES CO.  
DOCKET NO. 940620-GU

**COST OF SERVICE SUMMARY  
RATE COMPARISON**

**RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME**

<u>PRESENT RATES</u>			<u>PROPOSED RATES</u>		
<u>Customer Charge</u>			<u>Customer Charge</u>		
1000.00			1000.00		
<u>Energy Charge</u>			<u>Energy Charge</u>		
<u>Beginning</u>	<u>Ending</u>	<u>cents</u>	<u>Beginning</u>	<u>Ending</u>	<u>cents</u>
<u>therms</u>	<u>therms</u>	<u>per therm</u>	<u>therms</u>	<u>therms</u>	<u>per therm</u>
0	0	0	0	0	0
0	NA	1.004	0	NA	1.027

<u>GAS COST CENTS/THERM</u>	<u>THERM USAGE INCREMENT</u>
0	20000

therm usage	<u>PRESENT</u>		<u>PROPOSED</u>		percent increase w/o fuel	percent increase with fuel	Dollar increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	1,000.00	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00
200000	3,008.00	3,008.00	3,054.00	3,054.00	1.53	1.53	46.00
400000	5,016.00	5,016.00	5,106.00	5,106.00	1.83	1.83	92.00
600000	7,024.00	7,024.00	7,162.00	7,162.00	1.96	1.96	138.00
800000	9,032.00	9,032.00	9,216.00	9,216.00	2.04	2.04	184.00
1000000	11,040.00	11,040.00	11,270.00	11,270.00	2.08	2.08	230.00
1200000	13,048.00	13,048.00	13,324.00	13,324.00	2.12	2.12	276.00
1400000	15,056.00	15,056.00	15,378.00	15,378.00	2.14	2.14	322.00
1600000	17,064.00	17,064.00	17,432.00	17,432.00	2.16	2.16	368.00
1800000	19,072.00	19,072.00	19,486.00	19,486.00	2.17	2.17	414.00
2000000	21,080.00	21,080.00	21,540.00	21,540.00	2.18	2.18	460.00
2200000	23,088.00	23,088.00	23,594.00	23,594.00	2.19	2.19	506.00
2400000	25,096.00	25,096.00	25,648.00	25,648.00	2.20	2.20	552.00
2600000	27,104.00	27,104.00	27,702.00	27,702.00	2.21	2.21	598.00
2800000	29,112.00	29,112.00	29,756.00	29,756.00	2.21	2.21	644.00
3000000	31,120.00	31,120.00	31,810.00	31,810.00	2.22	2.22	690.00
3200000	33,128.00	33,128.00	33,864.00	33,864.00	2.22	2.22	736.00
3400000	35,136.00	35,136.00	35,918.00	35,918.00	2.23	2.23	782.00
3600000	37,144.00	37,144.00	37,972.00	37,972.00	2.23	2.23	828.00
3800000	39,152.00	39,152.00	40,026.00	40,026.00	2.23	2.23	874.00



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate  
increase by CITY GAS COMPANY OF  
FLORIDA.

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) DOCKET NO. 940276-GU  
)  
)  
)

FILED: November 16, 1994

**SUPPLEMENTAL TESTIMONY AND EXHIBITS**

OF

**RAND W. SMITH**

**ON BEHALF OF CITY GAS COMPANY OF FLORIDA**

Joseph A. McGlothlin  
Vicki Gordon Kaufman  
McWhirter, Reeves, McGlothlin  
Davidson & Bakas  
315 South Calhoun Street  
Suite 716  
Tallahassee, Florida 32301  
904/222-2525

Attorneys for City Gas  
Company of Florida

Exhibits

Doc. # 11586-94

1           BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                   SUPPLEMENTAL TESTIMONY AND EXHIBITS OF

3                           RAND W. SMITH

4                   ON BEHALF OF CITY GAS COMPANY OF FLORIDA

5                           DOCKET NO. 940276-GU

6   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

7   A.   My name is Rand Smith. My business address is 955 East  
8       25th Street, Hialeah, Florida, 33013.

9   **Q.   WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

10  A.   My purpose is to supplement our original rate filing to  
11       reflect the impact of recent actions by the NUI Board of  
12       Directors and of recent decisions made by NUI senior  
13       management at NUI's annual planning conference on our  
14       projections for fiscal year 1995. As agreed by Staff and  
15       City Gas immediately following the prehearing conference,  
16       I will also briefly comment on certain capital structure  
17       issues, and on the impact of accounting for the Company's  
18       Employee Stock Ownership Plan (ESOP) under SOP 93-6 and  
19       SFAS 109 on City Gas' net operating income.

20 **Q.   WHEN DID THE NUI PLANNING CONFERENCE TAKE PLACE?**

21  A.   During the week of November 1, 1994, NUI senior  
22       management held intensive conferences for the purpose of  
23       initiating a plan to restructure the corporation's  
24       business.

25 **Q.   WHAT WAS THE GENESIS OF THE DECISION TO RESTRUCTURE?**

1 A. On October 25, 1994, the NUI Board of Directors announced  
2 that it had cut NUI's dividend on common stock from an  
3 annual rate of \$1.60 per share to \$0.90 per share. This  
4 was announced as one of a series of steps to better  
5 position the Company to operate in a more competitive  
6 environment. On October 31, 1994, the Company announced  
7 that it will offer an early retirement program to  
8 approximately ten percent of its (non-Florida) employees  
9 as part of a plan to further strengthen its financial  
10 position and prepare for the restructuring of its  
11 operations. The purpose of the conference that followed  
12 was to address this restructuring.

13 **Q. WHAT WAS THE NATURE OF THE DECISIONS MADE DURING THE**  
14 **CONFERENCE?**

15 A. During the week of November 1, NUI senior management,  
16 including head office management and the senior  
17 management of each division of NUI, engaged in intensive  
18 planning sessions. At the direction of the Chairman of  
19 the Board, and the NUI President, senior management is in  
20 the process of undertaking a corporation-wide  
21 restructuring. The restructuring will identify the ideal  
22 structure and policies for meeting customer needs while  
23 improving efficiency, productivity and profitability.

24 At the planning conference, NUI senior management  
25 discussed a broad range of topics relative to how

1 companies manage through periods of growth, management  
2 succession and changing regulatory environments. Senior  
3 management concluded that NUI and its divisions would  
4 undertake to conserve capital dollars in the near term  
5 and evaluate certain opportunities to reduce O&M through  
6 consolidation, centralization and efficiencies.

7 **Q. DID SENIOR MANAGEMENT CONCLUDE SPECIFICALLY HOW MUCH TO**  
8 **REDUCE EACH CATEGORY?**

9 A. No. Although there was a general discussion of how  
10 savings could result from various proposals, there was no  
11 specific conclusion. That's why we communicated to the  
12 Commission in early November that we were in the process  
13 of evaluating the impact of the planning conference on  
14 the projections for 1995 that were included in our rate  
15 case filing.

16 **Q. WHAT HAS CITY GAS' MANAGEMENT DONE SINCE THE CONFERENCE?**

17 A. City Gas management has revisited its fiscal 1995 plans  
18 for the dual purposes of responding to NUI senior  
19 management's directive and refining our rate case filing.

20 **Q. WHAT IS THE STATUS OF THAT REVIEW?**

21 A. As we reported to the Staff on November 9, we have  
22 identified the adjustments to the capital expenditure and  
23 payroll O&M budgets that are necessary to reflect our  
24 current view of the spending levels for each that we can  
25 reasonably anticipate for fiscal year 1995.

1 Q. PLEASE SUMMARIZE THOSE ADJUSTMENTS.

2 A. City Gas has decided to reduce its level of capital  
3 spending in fiscal 1995 by approximately \$8 million to a  
4 revised level of \$11.6 million (revised level of  
5 \$8.5 million exclusive of the leased appliance program),  
6 as compared with the \$19.3 million level reflected on  
7 schedule G-1 (page 26) of its MFRs, and to reduce its  
8 payroll O&M for fiscal 1995 by approximately \$650,000  
9 (\$812,500 including benefits) as compared with the \$6.5  
10 million level reflected on schedule G-2 of its MFRs. We  
11 have also determined to attempt to re-focus our capital  
12 expenditures, as opportunities allow.

13 Q. HOW DID YOU ARRIVE AT THE REVISED PROJECTION OF \$11.6  
14 MILLION IN ADDITIONAL CAPITAL ADDITIONS?

15 A. We identified specific projects that we intend to defer  
16 beyond fiscal year 1995. That review was essentially an  
17 evolution of a process that was already under way, in  
18 conjunction with the processing of this rate case. We  
19 had already determined, for instance, that a \$600,000  
20 gate station originally planned for the Melbourne area in  
21 1995 would not be built in that year, and had agreed with  
22 Staff that it should not be included in rate base in this  
23 case. Following the NUI conference, we determined that  
24 the \$4,680,000 continuation of the 12" high pressure  
25 system improvement in Brevard County (Phases II and III)

1           could be deferred beyond fiscal year 1995.   Witness  
2           Richard Wall will explain why the decisions to defer the  
3           looping project and the gate station will not affect the  
4           reliability and integrity of our distribution system. We  
5           also deferred the purchase of additional computer  
6           equipment in the amount of \$220,000.   In addition, we  
7           decided to defer certain planned capital expenditures in  
8           the City of Port St. Lucie, thereby reducing the planned  
9           outlay for mains and other expenditures by some \$968,000,  
10          and to delay the planned enlargement of an office  
11          building in Rockledge.   Witness Jeffry Householder will  
12          describe the decision to defer capital expenditures in  
13          Port St. Lucie.

14   **Q.   DO THESE DEFERRALS IMPACT THE REVENUES OR CUSTOMERS THAT**  
15   **THE COMPANY PROJECTS FOR FISCAL 1995?**

16   **A.   Essentially, no. The reductions in capital expenditures**  
17   **from deferring beyond fiscal year 1995 the Melbourne gate**  
18   **station, the continuation of the high pressure system**  
19   **improvement in Brevard (Phases II and III) and the**  
20   **Rockledge office building improvement, and the Port St.**  
21   **Lucie system of mains do not affect the number of**  
22   **customers or the revenues that City Gas projects for**  
23   **fiscal 1995.**

24   **Q.   WHY IS THAT THE CASE?**

25   **A.   The spending that will be deferred will not directly**

1 impact the number of customers that City Gas would add in  
2 fiscal 1995 because the deferred projects did not include  
3 service extensions.

4 Q. HAVE YOU PREPARED ANY EXHIBITS THAT DESCRIBE THE  
5 MODIFICATIONS TO THE CAPITAL BUDGET?

6 A. Yes. Exhibit \_\_\_\_ (RWS-1) shows the impact of removing  
7 specific projects from the original \$19.3 amount that was  
8 included in the MFRs. The amount of the resulting  
9 capital program includes the estimate of the amount of  
10 spending associated with the leased appliance program  
11 (which we have also reduced from \$3.991 million to \$3.071  
12 million).

13 Exhibit \_\_\_\_ (RWS-2) depicts the itemized capital  
14 expenditures for fiscal 1995, following the deferrals I  
15 have described. The amount associated with the leased  
16 appliance program has been broken out as a separate  
17 entry.

18 Q. HAS THE COMPANY ALSO REFLECTED CERTAIN ADDITIONS TO ITS  
19 1995 CAPITAL SPENDING FOR INCLUSION IN RATE BASE AT THIS  
20 TIME?

21 A. Yes. The Company will spend \$150,000 to acquire certain  
22 assets from Fort Pierce Utilities as part of a settlement  
23 of a territorial dispute. Accordingly, the revised  
24 capital spending budget includes that additional  
25 expenditure.

1           In addition, the Company will spend \$90,000 for  
2 additional telemetry equipment in connection with its  
3 Systems Control and Data Acquisition System. This  
4 monitoring equipment will be installed on our  
5 distribution system in fiscal 1995.

6 **Q.   WHAT IS THE RELATIONSHIP BETWEEN EXHIBIT \_\_\_\_ (RWS-2) AND**  
7 **THE MFRs?**

8 **A.   Exhibit \_\_\_\_ (RWS-2) is a restatement of Schedule G-1 of**  
9 **the MFRs, showing the original and revised figure for**  
10 **each category of expenditures. Bearing in mind that the**  
11 **MFRs were prepared in May of 1994, the plans that we are**  
12 **preparing now are naturally more specific than the**  
13 **projections in the MFRs. In preparing the revision, we**  
14 **have utilized the results of a recent market assessment**  
15 **undertaken by Jeffry Householder, our new Director of**  
16 **Marketing. In his supplemental testimony,**  
17 **Mr. Householder will explain the relationship between the**  
18 **assessment and the revised budget.**

19 **Q.   HOW DO THE ITEMS LISTED ON EXHIBIT \_\_\_\_ (RWS-2) CORRELATE**  
20 **TO THE COMPANY'S RATE BASE REQUEST?**

21 **A.   We request rate base treatment of the \$10.5 million (\$7.4**  
22 **million if leased appliances are deregulated) that are**  
23 **delineated in the section of Exhibit \_\_\_\_ (RWS-2). The**  
24 **proposed budget also includes certain potential projects**  
25 **totaling \$1,100,000 for which we do not seek ratemaking**



1 treatment at this time. Accordingly, and for ease of  
2 reference, I have shown those entries as a separate  
3 portion of Exhibit \_\_\_\_ (RWS-2).

4 **Q. PLEASE BRIEFLY IDENTIFY THE PROJECTS THAT ARE SHOWN ON**  
5 **EXHIBIT \_\_\_\_ (RWS-2) BUT FOR WHICH THE COMPANY IS NOT**  
6 **SEEKING INCLUSION IN RATE BASE IN THIS PROCEEDING.**

7 A. The potential projects include the purchase of two  
8 lateral mains from Florida Gas Transmission and certain  
9 investments in a centralized gas management program being  
10 developed by NUI. The purchases of both FGT laterals  
11 under consideration would require total expenditures of  
12 \$650,000. The gas management facilities would cost  
13 \$450,000. Mr. Householder will elaborate on each  
14 potential project, and explain why each is recommended  
15 for inclusion in the Company's budget but is not being  
16 proposed for rate base at this time.

17 **Q. PLEASE DESCRIBE HOW YOU ARRIVED AT THE LOWER PROJECTION**  
18 **OF THE NUMBER OF EMPLOYEES FOR FISCAL YEAR 1995.**

19 A. At all division levels, the corporation has begun the  
20 task of identifying areas in which efficiencies can be  
21 achieved -- and, consequently, employee positions reduced  
22 -- through centralization and consolidation. For example,  
23 if a particular support function can be more economically  
24 performed for all divisions by a central staff in the  
25 home office, there would be no need to maintain fully

1           staffed functional departments in each division. For  
2           example, NUI currently operates its gas management system  
3           on a centralized basis for all of its divisions and City  
4           Gas, accordingly, requires no staff dedicated full time  
5           to gas management.

6   **Q.   HAVE ANY DECISIONS BEEN MADE TO CENTRALIZE ADDITIONAL**  
7   **FUNCTIONS?**

8   **A.   No, not at this time; however, the Company has plans to**  
9           initiate an intensive evaluation of certain  
10          administrative and information systems that, with the  
11          potential for improved automation supported on a  
12          centralized basis, will likely result in efficiencies  
13          over time as well as improving the Company's access to  
14          critical information. It will be necessary to analyze the  
15          feasibility and the economics of each such possibility  
16          that is examined. With respect to each such decision that  
17          is made, it will take the corporation time to implement  
18          it. By the time we commence implementation and achieve  
19          cost savings, we will be well into fiscal year 1995. In  
20          fact, it is possible that savings will not be realized  
21          until after the end of fiscal 1995. Therefore,  
22          translating the Board's policy directive into a changed  
23          employee head count is not straightforward at this point.  
24          The task calls for reasonable estimates based on  
25          knowledge of the Company's staffing needs and of the time

1 that will be required to act on any opportunities to  
2 realize efficiencies that we identify.

3 **Q. HAVE ANY DEFINITE REDUCTIONS BEEN IDENTIFIED BY**  
4 **MANAGEMENT?**

5 A. During the planning sessions, a goal of reducing expenses  
6 in an amount equivalent to 10% of projected payroll O&M  
7 (approximately equivalent to 30 positions) as compared  
8 with the MFR projections was articulated. However, the  
9 actual number will not be arrived at arbitrarily, but  
10 will be the result of the analytical process I have  
11 described. Further, as I said, the process of reductions  
12 will require time to implement. Accordingly, if a  
13 position is eliminated in June 1995, for instance, the  
14 impact of the action will be to reduce payroll expense by  
15 only 1/4 of the position during the projected 1995 test  
16 period. In other words, if we reduce the number of  
17 employees by 20 in the course of the year, the impact on  
18 the rate case assumption will be less than that, because  
19 the effect would not have been annualized in fiscal 1995.

20 **Q. WHAT ACTIONS HAS CITY GAS TAKEN SO FAR?**

21 A. Jack Langer, President of City Gas, announced a hiring  
22 freeze on November 7. This means that no new employees  
23 will be hired without his express consent, after a high  
24 level review of the necessity of the position.

25 **Q. WHAT ASSUMPTIONS DO THE MFRS REFLECT REGARDING THE NUMBER**

1           **OF EMPLOYEES?**

2    A.    In May of 1994, we projected that the overall payroll O&M  
3           would increase by 10%, comprising a 5% employee head  
4           count increase and a 5% pay rate increase. We had  
5           calculated this rate of head count increase to be  
6           approximately equivalent to 15 persons.

7    Q.    **ON WHAT WAS THIS ASSUMPTION BASED?**

8    A.    It was based primarily on the use of trending factors  
9           associated with average payroll expense per employee and  
10          the Company's pace of growth under then existing  
11          conditions.

12   Q.    **DO THE BOARD'S DIRECTIVE AND THE PRESIDENT'S FREEZE MEAN**  
13          **THAT NONE OF THE PROJECTED FIFTEEN POSITIONS WILL BE**  
14          **FILLED?**

15   A.    No. Staffing reductions will not come at the expense of  
16          performing the needs of the Company. In fact, City Gas  
17          continues to see the need to add certain management  
18          positions. Therefore, the exercise of modifying payroll  
19          O&M expense for fiscal year 1995 is complicated by the  
20          need to offset any reductions we identify by probable  
21          additions.

22   Q.    **RECENTLY TWO VICE PRESIDENTS OF CITY GAS ANNOUNCED THEIR**  
23          **RETIREMENTS. HOW DO THOSE ANNOUNCEMENTS IMPACT YOUR**  
24          **PROJECTIONS FOR FISCAL YEAR 1995?**

25   A.    These individuals had been included for the full year in

1 the projections for fiscal 1995 included in the MFRs.

2 One, the vice president - accounting, has retired as  
3 of September 30, 1994, but has agreed to remain available  
4 to the Company on a consulting basis through March 31,  
5 1995. Such consultation would include, for example,  
6 assistance as a Company witness in this rate case. The  
7 monthly consulting fees are equivalent to his previous  
8 monthly salary. Accordingly, it might appear reasonable  
9 to reduce salary expense as presented in the MFRs by one-  
10 half of the vice president - accounting salary. However,  
11 the functions performed by this individual will continue  
12 to be required and will be performed by a newly created  
13 position of Controller, for which the Company is  
14 currently recruiting. Accordingly, no adjustment is  
15 warranted with respect to this retirement.

16 The other, the executive vice president, is retiring  
17 December 1, 1994. The functions performed by this person  
18 will also continue to be required. Accordingly, the  
19 Director of Marketing is assuming responsibility for  
20 Customer Accounts and the Vice President - Finance is  
21 assuming responsibility for MIS. These added  
22 responsibilities contribute to the need to hire  
23 additional supporting personnel; for example, a Sales  
24 Department Administrator to support the Director of  
25 Marketing and the Controller to support the Vice

1 President - Finance. In addition, in November 1994 the  
2 Company hired a Human Resources Manager to assume and  
3 expand upon the personnel function formerly performed by  
4 the executive vice president. Accordingly, no net  
5 adjustment is warranted.

6 **Q. CITY GAS ALSO ANNOUNCED THAT AN OFFICER WOULD BE MOVING**  
7 **FROM THE BREVARD DIVISION TO NEW DUTIES IN CITRUS COUNTY,**  
8 **AND AGREED THAT HIS SALARY SHOULD NOT BE INCLUDED IN THIS**  
9 **CASE FOR RATEMAKING PURPOSES. HOW DOES THIS DEVELOPMENT**  
10 **BEAR ON FISCAL YEAR 1995?**

11 **A.** Although the Corporation will continue to incur the  
12 salary of that officer, that cost will not be borne by  
13 the utility. The MFRs had reflected the inclusion of one-  
14 half of this salary cost in fiscal 1995. Staff has  
15 proposed adjusting out that portion and the Company has  
16 agreed. As a result of this transfer, the Vice President  
17 of Operations will take on added responsibilities with  
18 respect to the Brevard division.

19 **Q. RECENTLY THE COMPANY TERMINATED THREE EMPLOYEES IN THE**  
20 **MIS DEPARTMENT. HOW HAVE THESE VACANCIES BEEN TAKEN INTO**  
21 **ACCOUNT IN THE REVISED O&M CALCULATION?**

22 **A.** The Company does not presently plan to replace these  
23 positions. Accordingly, these three eliminated positions  
24 comprise a portion of the overall reduction from  
25 projected levels.

1 Q. PLEASE EXPLAIN HOW YOU ARRIVED AT A NET REDUCTION OF 30  
2 EMPLOYEES FROM MFR LEVELS, AND WHY YOU ARE CONFIDENT THAT  
3 THIS LEVEL FAIRLY REPRESENTS MANAGEMENT'S EXPECTATIONS  
4 FOR FISCAL YEAR 1995.

5 A. This estimate is a conservative estimate, consistent with  
6 the objective of a 10% payroll O&M reduction as compared  
7 with projected levels. It reflects the hiring freeze  
8 imposed November 7 that would eliminate the 5% head count  
9 growth reflected in the MFRs. It also reflects  
10 management's conservative assumptions as to whether and  
11 the extent to which efficiencies can be achieved rapidly  
12 through consolidations of supporting systems. It also  
13 takes into account the fact that payroll costs may  
14 increase due to the need to add professional and  
15 managerial staff. In addition, personnel in ongoing  
16 positions will continue to receive appropriate merit  
17 increases, which are currently projected at 5% over  
18 fiscal year 1994 pay rates, consistent with the MFRs.

19 Q. HAVE YOU QUANTIFIED THE IMPACT OF REDUCING THE PAYROLL  
20 O&M BY 10% ON THE COMPANY'S REVENUE REQUIREMENTS?

21 A. Yes. The impact of the revised assumption regarding the  
22 number of employees for fiscal 1995 is to reduce the  
23 overall revenue requirement by approximately \$812,500.  
24 The calculation is shown on Exhibit \_\_\_\_ (RWS-3).

25 Q. HOW WILL THE SPECIAL EARLY RETIREMENT PROGRAM APPLICABLE

1           **TO NON-FLORIDA EMPLOYEES AFFECT THE ALLOCATION OF COSTS**  
2           **CHARGED TO CITY GAS?**

3    A.    There will be no material reduction of City Gas' costs as  
4           a result of the early retirement programs that have been  
5           undertaken.    NUI has estimated that only two of the  
6           persons who are likely to avail themselves of the program  
7           perform functions that are included within the services  
8           for which costs are allocated to City Gas.    Furthermore,  
9           NUI has determined that those persons would have to be  
10          replaced at cost rates similar to those presently being  
11          incurred.    Accordingly, City Gas should not receive any  
12          material cost reduction benefits if these individuals  
13          elect early retirement.

14   **Q.    WHY IS IT THAT FLORIDA EMPLOYEES ARE NOT ELIGIBLE FOR**  
15           **EARLY RETIREMENT INCENTIVES?**

16    A.    The programs have been offered through modifications to  
17           the NUI pension plan and the Pennsylvania & Southern  
18           pension plan.    The City Gas pension plan does not provide  
19           retirement benefits at age 57 as these programs do.  
20           Accordingly, no Florida employees are eligible for early  
21           retirement incentives.

22   **Q.    WHEN YOU SUMMARIZED YOUR POINTS YOU SAID THAT THE COMPANY**  
23           **INTENDS TO REFOCUS ITS APPROACH TO CAPITAL EXPENDITURES**  
24           **AS PART OF THE CORPORATE RESTRUCTURING. PLEASE ELABORATE**  
25           **ON WHAT YOU HAD IN MIND.**



1 A. Over the years, the Company has promoted increased  
2 consumption through its water heater and leasing  
3 programs. However, the Company is ceasing its free water  
4 heater program as contractual obligations expire and,  
5 accordingly, expects that the rate of signing new  
6 residential construction agreements with builders will be  
7 lower as a consequence. The marketing department is  
8 working to develop alternate marketing tools, but  
9 expectations remain that new residential construction  
10 agreements will be reduced.

11 Partly as a consequence of this development, and  
12 partly as a modified business strategy designed to  
13 increase margins, the Company will undertake to identify  
14 and reach new commercial customers at a higher pace than  
15 in the past, as well as added "scattered" residential  
16 customers (those who are located near an existing main  
17 but who have not yet been connected).

18 This re-focus is intended to provide quicker payback  
19 than adding new subdivisions because of the lower amount  
20 of investment required to reach them, relative to their  
21 consumption levels. This revised focus should enable us  
22 to continue to grow our margins and overall return on  
23 investment, which we need to do to restore our Company to  
24 financial good health. Mr. Householder will describe how  
25 the re-focus has been applied to quantify the revised

1 projections of new customers for fiscal 1995.

2 **Q. WHAT IMPLICATIONS DOES THIS SHIFT IN EMPHASIS HAVE ON THE**  
3 **CAPITAL BUDGET FOR FISCAL YEAR 1995?**

4 A. Earlier I explained how we arrived at a reduced  
5 projection of capital expenditures by deferring specific  
6 projects. Those decisions brought the level down from  
7 \$19.3 million to \$11.6 million. The shift in emphasis I  
8 have described simply means that, as we identify  
9 opportunities to do so, the \$11.6 million will be  
10 allocated between the categories of mains and services  
11 differently than the allocations that appear in the MFRs.

12 **Q. HAVE YOU PREPARED AN ESTIMATE OF THE DIFFERENCE?**

13 A. The difference can be seen in Exhibit \_\_\_\_ (RWS-2), which  
14 depicts the impacts of the specific deferrals described  
15 earlier and the effects of this re-focus. Please note  
16 that while expenditures for mains decline as a  
17 consequence of adding fewer new builder agreements,  
18 services expenditures (relative to the MFRs) are not  
19 significantly affected. Although the level of spending  
20 for services is partly attributable to the assumption of  
21 adding commercial and "scattered" services at a higher  
22 rate, it also reflects the continued build out of new  
23 residential construction backlog that developed as a  
24 consequence of past year main extensions. Overall, the  
25 reallocation results in an expenditure decrease of

1           \$1,487,000.

2   **Q.   WOULD SUCH A REALLOCATION OF CAPITAL EXPENDITURES AFFECT**  
3   **THE ASSUMPTION REGARDING REVENUES AND NUMBERS OF**  
4   **CUSTOMERS THAT ARE CONTAINED IN THE MFRs?**

5   A.   Yes. If we are successful in redirecting capital dollars  
6   to a different mix of customers, more heavily  
7   concentrating on commercial customers and scattered  
8   residential customers, the number of customers and  
9   revenues associated with the capital investment should  
10  change.

11 **Q.   HAS THE COMPANY ATTEMPTED TO QUANTIFY THE IMPACT?**

12 A.   Yes. Understanding that the intent to shift the focus of  
13 capital expenditures is a plan, and that we must identify  
14 opportunities before the plan can be achieved, the  
15 Company has made what it believes to be reasonable  
16 assumptions in that regard. Mr. Householder will discuss  
17 the development of these projections in his supplemental  
18 testimony.

19 **Q.   HOW DO ALL OF THE REVISED PROJECTIONS FOR FISCAL YEAR**  
20 **1995 THAT YOU HAVE DESCRIBED AFFECT THE COMPANY'S REQUEST**  
21 **FOR RATE RELIEF?**

22 A.   Taking into account the impact on rate base, revenues,  
23 and operating expenses, and holding all other  
24 considerations constant, the impact is to reduce the  
25 Company's revenue requirement by \$1.097 million. The

1 calculation of the impact is shown on Exhibit \_\_\_\_ (RWS-  
2 4). Of course, as of the date of the prehearing  
3 conference, the Company has agreed with Staff's positions  
4 on a myriad of items that further reduce the revenue  
5 requirement figure from the amount identified in its  
6 original petition.

7 **Q. PLEASE TURN TO THE SUBJECT OF THE CAPITAL STRUCTURE THAT**  
8 **IS APPROPRIATE FOR RATEMAKING PURPOSES IN THIS CASE.**  
9 **WHICH ASPECTS OF THE CAPITAL STRUCTURE DO YOU WISH TO**  
10 **ADDRESS?**

11 **A.** I wish to comment on the appropriate cost of  
12 indebtedness. Also, in the event leased appliances are  
13 removed from regulated operations in this case, I wish to  
14 comment on how capital structure should be reconciled to  
15 the resulting rate base.

16 **Q. FOR PURPOSES OF THIS TESTIMONY, ARE YOU ASSUMING THAT THE**  
17 **COMMISSION WILL USE THE DISCRETE CAPITAL STRUCTURE OF**  
18 **CITY GAS, OR THE OVERALL CAPITAL STRUCTURE OF NUI**  
19 **CORPORATION?**

20 **A.** Our original position was that the Commission should look  
21 to the discrete capital structure of City Gas Company. We  
22 now agree with Staff that it is appropriate to use the  
23 overall corporate capital structure, with the appropriate  
24 cost of debt and as appropriately conformed to the rate  
25 base. Exhibit \_\_\_\_ (RWS-5) shows the appropriate

1 calculation of the consolidated sources of investor  
2 capital for the projected test year.

3 **Q. WHAT IS THE COST OF DEBT THAT SHOULD BE ASSOCIATED WITH**  
4 **THE CAPITAL STRUCTURE FOR RATEMAKING PURPOSES IN THIS**  
5 **CASE?**

6 A. The capital structure that is used for ratemaking  
7 purposes should fairly reflect the sources and costs of  
8 funds that will be used to finance the Company's  
9 operations during the period in which the rates will be  
10 in effect. While a consolidated capital structure is  
11 appropriate for determining the overall amount of debt  
12 and equity applicable to City Gas, the cost of  
13 indebtedness within that structure should properly  
14 reflect the specific nature of certain of the Company's  
15 financings. In particular, the Company entered into a  
16 certain tax-favored financing in August of this year in  
17 association with Brevard County, Florida. The net  
18 proceeds of that 6.4% debt issuance are restricted for  
19 use in financing construction within Brevard County and  
20 are held in trust pending the incurrence of such  
21 expenditures. In addition, a portion of the Company's  
22 financing represents mortgage indebtedness that predates  
23 City Gas' acquisition by NUI. It is reasonable to  
24 calculate the cost of City Gas' long-term debt by first  
25 applying the cost of these specific issues, which amount

1 to \$16 million in the aggregate with an overall rate of  
2 8.18%. The remainder of the debt portion of capital  
3 structure should reflect the cost of NUI's non-specific  
4 borrowings.

5 The non-specific borrowings consist of outstanding  
6 bank borrowings and a planned issuance of notes to  
7 refinance currently outstanding short-term debt.

8 **Q. PLEASE DESCRIBE THE PLANNED ISSUANCE OF NOTES.**

9 A. NUI today filed with the U.S. Securities and Exchange  
10 Commission a \$100 million shelf registration which is  
11 expected to include up to \$75 million of Medium Term  
12 Notes (MTN), as previously described by City Gas in its  
13 application for authority to issue securities filed in  
14 May 1994 (Docket No. 940570-GU) and as authorized  
15 pursuant to Order No. PSC-94-0822-FOF-GU. One purpose of  
16 the issuance of the MTN's will be to refinance the short-  
17 term debt that will soon mature. NUI currently intends  
18 to issue \$55 million of such debt to refinance short-term  
19 debt in January 1995 (the actual issuance date is  
20 dependent upon market conditions and upon receiving the  
21 authorization of the public service commissions of New  
22 Jersey and New York, for which the Company has applied).  
23 If we were to issue MTNs today on a five-year basis, the  
24 cost would be 8.35%. Basing the cost of capital for  
25 ratemaking purposes on a capital structure that includes

1 short-term debt when that debt is about to be replaced at  
2 a cost of 8.35% would penalize the Company for having  
3 taken prudent steps to take advantage of temporary  
4 opportunities to lower costs for ratepayers. For  
5 ratemaking purposes, the Commission should utilize a cost  
6 for the refinancing debt of 8.35%.

7 Since NUI projects only \$55 million of refinancing  
8 in the near future, a portion of short-term debt will  
9 remain, but that portion will have to be financed at  
10 prevailing rates. This remaining short-term debt should  
11 be costed at the current market rate of 5.5%.

12 **Q. PLEASE TURN TO THE ISSUE REGARDING THE RECONCILIATION OF**  
13 **CAPITAL STRUCTURE TO RATE BASE IN THE EVENT THE**  
14 **COMMISSION DECIDES TO REMOVE LEASED APPLIANCES FROM**  
15 **REGULATED OPERATIONS.**

16 **A.** The Commission's practice is to correlate the amount of  
17 capital in the capital structures to the amount included  
18 in rate base. When an item of investment is removed from  
19 rate base, the manner in which sources of the capital are  
20 adjusted may affect the overall weighted cost of capital  
21 used to calculate revenue requirements. If all sources  
22 are reduced pro rata, the cost of capital is unaffected.  
23 If only the equity, the most costly component, is  
24 reduced, the overall rate of return will be lowered  
25 because the cost of equity will be given a smaller

1           weighting in the calculation.

2   **Q.   HOW SHOULD CAPITAL STRUCTURE BE ADJUSTED IF LEASED**  
3   **APPLIANCES ARE REMOVED FROM REGULATED OPERATIONS?**

4   A.   They should be removed pro rata, so that the overall cost  
5       of capital is unaffected.

6   **Q.   WHY?**

7   A.   To do otherwise would severely penalize the Company for  
8       having placed in good faith an investment in an operation  
9       which the Commission deemed to be an appropriate  
10      component of rate base in 1986 (for surveillance  
11      purposes) and again in 1989 (rate case). In the  
12      Company's last rate case (Docket No. 891175-GU), the  
13      Commission did not treat all of the investment in leased  
14      appliances in equity for the purpose of calculating the  
15      rate of return to which the company was entitled; had it  
16      done so, the authorized rate of return would have been  
17      materially higher. To now propose that it be removed  
18      entirely from equity is inconsistent and confiscatory.

19   **Q.   EARLIER YOU SAID THAT TO REMOVE THE LEASED APPLIANCES**  
20   **FROM EQUITY WOULD SEVERELY PENALIZE THE COMPANY. CAN YOU**  
21   **QUANTIFY THE IMPACT?**

22   A.   Yes. Between 1986 and 1995 (as projected), when the  
23      Commission's position was that the leased appliance  
24      program was properly a part of regulated operations, and  
25      therefore the investment in the program was being



1 financed (like all other aspects of the utility's  
2 operations) by all sources of capital, the investment in  
3 leased appliances grew from \$4.9 million to \$15.7  
4 million. Presently the entire projected rate base is  
5 approximately \$100 million. To remove all the investment  
6 in leased appliances from equity would result in an  
7 equity ratio of approximately 20%. Translating this into  
8 a materially lower authorized rate of return would  
9 unfairly penalize the Company.

10 **Q. WHAT IS STAFF'S POSITION ON THIS ISSUE?**

11 A. In Staff's prehearing statement, they took the position  
12 that reductions should be pro rata except for leased  
13 appliances, which Staff favors removing from equity.

14 **Q. ON WHAT DOES STAFF BASE ITS POSITION?**

15 A. Staff has filed no testimony in this point, but my  
16 understanding is that it is based on the view that  
17 unregulated operations are typically more risky than  
18 utility operations.

19 **Q. DOES THIS CONSIDERATION SUPPORT THE STAFF'S APPROACH?**

20 A. No.

21 **Q. WHY NOT?**

22 A. First, precedent supports the Company's view. From the  
23 1960's until 1981, the Company's investment in leased  
24 appliances was regarded by the Commission as part of its  
25 rate base. In 1981, when the Commission first removed

1 City Gas' leased appliance program from regulated  
2 operations, it reduced capital structure pro rata. As to  
3 the theoretical rationale, it does not apply to this  
4 situation. According to the theory, the leased appliance  
5 operation should be the most profitable part of the  
6 operation. However, through the application of imputed  
7 revenues associated with the leased appliance program,  
8 the Commission has assured that City Gas would not  
9 receive even the more modest regulated rate of return as  
10 long as leased appliances remain in rate base. I am  
11 confident that as a matter of policy the Commission will  
12 refuse to blind itself to the equities of individual  
13 circumstances. To distort the remaining capital  
14 structure on the fallacious theory that equity has  
15 somehow been inflated under these circumstances would be  
16 illogical, capricious, and confiscatory.

17 **Q. TURNING TO THE ACCOUNTING FOR THE COMPANY'S ESOP PROGRAM**  
18 **AND THE EFFECT OF RECENT CHANGES IN ACCOUNTING STANDARDS**  
19 **INCLUDING STATEMENT OF POSITION 93-6 (SOP 93-6) AND**  
20 **STATEMENT OF FINANCIAL ACCOUNTING STANDARDS 109 (SFAS**  
21 **109), HOW SHOULD THE ESOP BE REFLECTED IN CITY GAS'**  
22 **ACCOUNTS?**

23 **A.** Recent changes in accounting standards have affected the  
24 way that City Gas will recognize the full costs and  
25 effects of its Leveraged ESOP in its accounts. Accounting

1 under AICPA SOP 93-6 recognizes that a portion of the  
2 contribution made to the ESOP Trust each year by City Gas  
3 has the underlying characteristic of a payment of  
4 principal and interest on a loan. It also recognizes  
5 that certain shares held by the Trust and released to  
6 employee accounts each year represent a compensation cost  
7 to the sponsoring company. Similarly, SOP 93-6 recognizes  
8 that certain payments to participants in the form of  
9 dividends bear the substance of compensation expense  
10 payments and should be reflected as such in the company's  
11 financial accounts. City Gas will be following the  
12 accounting standard upon its effective date, beginning  
13 with its 1995 fiscal year.

14 Exhibit \_\_\_(RWS-6) attached shows the calculation of  
15 the appropriate level of expense for City Gas' accounts,  
16 trended from the pro forma amount in the historical test  
17 year. Please note that this pro forma amount has been  
18 reduced to reflect the recent reductions in the dividend  
19 rate (and the resultant expense recognition) and to  
20 reflect share releases at cost, which is lower than the  
21 fair market value adjustments that the SOP 93-6 would  
22 allow the company to make. These adjustments have been  
23 considered so as to assure that the resultant expense  
24 recognition fairly reflects costs prospectively.

25 **Q. HOW DOES SFAS NO. 109 AFFECT CITY GAS' NOI?**

1 A. SFAS No. 109 has the effect of offsetting the expense  
2 recognition required under SOP 93-6, as it requires  
3 income recognition for special tax benefits realized by  
4 the company on the payment of dividends to participants,  
5 including additional dividends that are not characterized  
6 as compensation expense.

7 Exhibit \_\_\_(RWS-7) shows the calculation of the  
8 appropriate amount of tax benefit to recognize in NOI,  
9 trended from the pro forma historical test year amount.

10 Q. **WHAT IS THE EFFECT OF THE ADJUSTMENTS UNDER SOP 93-6 AND**  
11 **SFAS NO. 109?**

12 A. The effect of the compensation expense adjustment under  
13 SOP 93-6 is to reduce compensation expense by \$36,569.  
14 The effect of the tax benefit adjustment under SFAS 109  
15 is to reduce tax expense by \$104,616.

16 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes, it does.

18

19

20

21


22

23

24

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Supplemental Testimony and Exhibits of Rand W. Smith, on behalf of City Gas Company of Florida, has been hand delivered to Robert Christ and Vicki Johnson, Division of Legal Services, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida, 32399, this 16th day of November, 1994.

  
Joseph A. McGlothlin  
Vicki Gordon Kaufman  
McWhirter, Reeves, McGlothlin  
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315 South Calhoun Street  
Suite 716  
Tallahassee, Florida 32301  
904/222-2525

Attorneys for City Gas  
Company of Florida

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate increase by CITY GAS COMPANY OF FLORIDA.

DOCKET NO. 940276-GU

VOLUME 2

Pages 193 through 347

PROCEEDINGS: Hearing

BEFORE: COMMISSIONER SUSAN F. CLARK  
 COMMISSIONER JULIA L. JOHNSON  
 COMMISSIONER DIANE K. KIESLING

DATE: Thursday, November 29, 1994

TIME: Commenced at 10:30 a.m.  
 Concluded at 10:50 a.m.

PLACE: 101 East Gaines Street  
 Tallahassee, Florida

REPORTED BY: JANE FAUROT  
 Notary Public in and for the  
 State of Florida at Large

APPEARANCES:  
 (As heretofore noted.)

ACCURATE STENOTYPE REPORTERS, INC.  
 100 SALEM COURT  
 TALLAHASSEE, FLORIDA 32301  
 (904) 878-2221

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## I N D E X

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1                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
2                   SUPPLEMENTAL TESTIMONY AND EXHIBITS OF  
3                   RAND W. SMITH  
4                   ON BEHALF OF CITY GAS COMPANY OF FLORIDA  
5                   DOCKET NO. 940276-GU

6 Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

7 A.   My name is Rand Smith. My business address is 955 East  
8       25th Street, Hialeah, Florida, 33013.

9 Q.   WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

10 A.   My purpose is to supplement our original rate filing to  
11       reflect the impact of recent actions by the NUI Board of  
12       Directors and of recent decisions made by NUI senior  
13       management at NUI's annual planning conference on our  
14       projections for fiscal year 1995. As agreed by Staff and  
15       City Gas immediately following the prehearing conference,  
16       I will also briefly comment on certain capital structure  
17       issues, and on the impact of accounting for the Company's  
18       Employee Stock Ownership Plan (ESOP) under SOP 93-6 and  
19       SFAS 109 on City Gas' net operating income.

20 Q.   WHEN DID THE NUI PLANNING CONFERENCE TAKE PLACE?

21 A.   During the week of November 1, 1994, NUI senior  
22       management held intensive conferences for the purpose of  
23       initiating a plan to restructure the corporation's  
24       business.

25 Q.   WHAT WAS THE GENESIS OF THE DECISION TO RESTRUCTURE?



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate ) Docket No. 940620-GU  
increase by FLORIDA PUBLIC UTILITIES )  
COMPANY ) Filed: February 8, 1995

MOTION FOR LEAVE TO FILE  
SUPPLEMENTAL TESTIMONY AND EXHIBITS

FLORIDA PUBLIC UTILITIES COMPANY (FPUC), by and through its undersigned counsel, hereby requests leave to file supplemental prefiled direct testimony and exhibits, and in support states the following:

1. On September 23, 1994, FPUC submitted its application for a rate increase, and the Minimum Filing Requirements (MFRs) and prefiled direct testimony in support of its application.

2. Said prefiled direct testimony included that of Mr. Marc L. Schneidermann, FPUC's Manger of Engineering and Gas Supply. (MFRs, Volume 1, pp. 165 - 193). Mr. Schneidermann also sponsors the cost of service information filed with his testimony. (MFRs, Volume 4, Sections E and H).

3. It has now come to FPUC's attention that its cost of service analysis requires corrections and modifications. Specifically, the cost of service information that has been prefiled contains an error in the direct assignment of plant to the Large Volume Interruptible (LVI) Service and Transportation rates. The majority of plant directly assigned to LVI has been rebuilt to handle elevated delivery pressures requested by the LVI customer. To effectuate the elevated pressure, the customer contributed the full cost of the upgrade. This contribution was omitted in the

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prefiled cost of service information. In addition, FPUC had, in its MFRs, modified Staff's model regarding the allocation of customer advances. However, it was determined in FPUC's last rate case that Staff would not accept this modified allocation methodology, with Staff, instead, reverting to its original methodology. FPUC has determined that it will accept Staff's original methodology in the current rate case.

4. Accordingly, FPUC requests leave to submit supplemental prefiled testimony and exhibits of Mr. Schneidermann, which would simultaneously incorporate the LVI rate base revision and customer advance allocation modification.

5. Such supplemental testimony and exhibits would avoid confusion and promote an orderly examination of their subject matter.

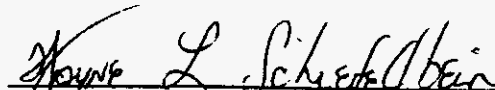
6. FPUC is preparing such supplemental testimony and exhibits at this time. Such testimony and exhibits are anticipated to be ready for filing by February 16, 1995.

7. The undersigned counsel has consulted with Staff Counsel Vicki D. Johnson, and she has indicated that Staff would not oppose this motion.

Wherefore, Florida Public Utilities Company requests leave to submit prefiled supplemental testimony and exhibits of Mr. Marc L. Schneidermann addressing the Large Volume Interruptible rate base revision and customer advance allocation methodology, as discussed

hereinabove, by February 16, 1995.

Respectfully submitted,

  
\_\_\_\_\_  
WAYNE L. SCHIEFELBEIN  
Gatlin, Woods, Carlson & Cowdery  
1709-D Mahan Drive  
Tallahassee, Florida 32308  
(904) 877-7191

Attorneys for FLORIDA PUBLIC  
UTILITIES COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that Florida Public Utilities Company's Motion for Leave to File Supplemental Testimony and Exhibits has been furnished on this 8th day of February, 1995 by hand-delivery to VICKI D. JOHNSON, ESQ., Division of Legal Services, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863.

  
\_\_\_\_\_  
WAYNE L. SCHIEFELBEIN

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate )  
increase by FLORIDA PUBLIC )  
UTILITIES COMPANY )

Docket No. 940620-GU

Filed: February 24, 1995

MOTION FOR LEAVE TO FILE SUPPLEMENTAL  
RATE BASE TESTIMONY AND EXHIBITS

Florida Public Utilities Company (FPUC), by and through its undersigned counsel, hereby requests leave to file supplemental prefiled direct testimony and exhibits regarding rate base, and in support states the following:

1. On September 23, 1994, FPUC submitted its application for a rate increase, and the Minimum Filing Requirements (MFRs) and prefiled direct testimony in support of its application. On February 16, 1995, FPUC filed supplemental direct testimony and exhibits, pursuant to Order No. PSC-95-0219-PCO-GU. This latter testimony addressed certain corrections and modifications to its originally filed cost of service analysis.

2. As part of its originally-filed MFRs and prefiled direct testimony, FPUC presented its rate base calculations for the calendar 1993 base year, the calendar 1994 intermediate year, and the calendar 1995 projected test year. Please see MFRs Volume 2, Section G - Projected Test Year Schedules; Volume 3, Section B, Rate Base Schedules; Volume 1, Direct Testimony and Exhibits of George M. Bachman, pp. 1 - 12, and Cheryl M. Martin, pp. 13 - 23.

3. Following the recent closing of its books for calendar 1994, and receipt and analysis of the Staff Audit Report in this proceeding, it has come to FPUC's attention that its rate base

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calculations for the 1994 intermediate year and the 1995 projected test year require corrections and modifications. In total, these adjustments represent a net increase to the 13-month average rate base for the 1995 projected test year of \$932,644. The specific adjustments are estimated as follows:

Missing 1995 Construction	\$526,137
Replacing 1994 Projections with 1994 Actual Figures	535,835
Delay in Construction of General Office Addition	(98,864)
Change in 1995 Depreciation Rates (Reserve for Depreciation)	47,558
Reallocation of Non-Regulated Plant	(49,083)
Cost Advances for Construction	<u>(28,939)</u>
Change in Rate Base (13 month-average)	\$932,644

4. Accordingly, FPUC requests leave to submit supplemental prefiled testimony and exhibits of George M. Bachman and/or Cheryl M. Martin, which would reflect the resulting rate base calculation and its effect on net operating income in this proceeding.

5. Such supplemental testimony and exhibits would avoid confusion and promote an orderly examination of this subject matter at the hearing for this rate case.

6. FPUC is preparing such supplemental testimony and exhibits at this time. Such testimony and exhibits are anticipated to be ready for filing by March 3, 1995.

7. The undersigned counsel has consulted with Staff Counsel Vicki D. Johnson. Ms. Johnson indicated that Staff would not

oppose this motion, but only under a series of conditions. Those conditions are that, as necessary, 1) Mr. Bachman and Ms. Martin, whose depositions are scheduled to be held on March 6, 1995, will be made available for a second deposition to address the subject matter of their supplemental testimony and exhibits; 2) Staff will be given a reasonable opportunity to submit prefiled testimony rebutting such supplemental testimony and exhibits; 3) Staff will be given a reasonable opportunity to submit additional interrogatories and/or document requests regarding such supplemental testimony and exhibits, with an accelerated response time thereto. Although no specific timetable has heretofore been discussed between counsel for the foregoing, it is mutually understood that such activities may well extend beyond the existing March 17, 1995 discovery completion date currently established for this proceeding by Order No. PSC-95-1485-PCO-GU. FPUC agrees to such conditions.

8. FPUC submits that under the stipulated conditions set forth hereinabove, granting this motion would cause no prejudice to Staff in this case, and no delay in the scheduled prehearing conference or hearing would be necessitated.

9. Finally, FPUC wishes to assure the Commission and its Staff that notwithstanding the adjustments discussed hereinabove, the requested revenue requirement and rates remain unaffected.

Wherefore, Florida Public Utilities Company requests leave to submit prefiled supplemental direct testimony and exhibits of George M. Bachman and/or Cheryl M. Martin addressing the rate base

adjustments, as discussed hereinabove, by March 3, 1995.

Respectfully submitted,



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Attorneys for Florida Public  
Utilities Company

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that Florida Public Utilities Company's Motion for Leave to File Supplemental Rate Base Testimony and Exhibits has been furnished on this 24<sup>th</sup> day of February, 1995 by hand-delivery to VICKI D. JOHNSON, ESQ., Division of Legal Services, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863.

  
WAYNE L. SCHIEFELBEIN