FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JANUARY 16, 2001

RE: DOCKET NO. 000768-GU - Request for rate increase by City Gas Company of Florida.

Issue 1: Is City's quality of service adequate?
Recommendation: Yes. City's quality of service is satisfactory.

APPROVED

Issue 2: Is City's test year request for permanent rate relief based on a historical test period ending September 30, 1999, and a projected test period ending September 30, 2001, appropriate?
Recommendation: Yes. With the adjustments recommended by staff in the following issues, the 1999 and 2001 test years are appropriate.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING
Lila A. Jaber	
E. Leon Jacobs	
J. Terry Deason	
Braulio Baez	

REMARKS/DISSENTING COMMENTS:

Commissioner Palecki recused himself from participation in this docket.

DOCUMENT NUMBER-DATE
00651 JAN 17 01
FPSC-RECORDS/REPORTING

PSC/RAR33 (5/90)

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Issue 3: Are the customer growth and therm forecasts by rate class appropriate?
Recommendation: No. The test year customer and therm forecasts by rate class should be adjusted by $1,866,852 to reflect the effect of annualizing customer and therm growth associated with the Clewiston Pipeline Expansion Project.

APPROVED

Issue 4: Should an adjustment be made for the Clewiston Pipeline Expansion Project?
Recommendation: Yes. Plant in Service should be increased by $13,355,569, Construction Work In Progress (CWIP) should be reduced by $5,232,615, Depreciation Expense should be increased by $418,278, and Accumulated Depreciation should be increased by $272,832. In addition, Revenues should be increased by $1,866,852.

APPROVED

Issue 5: Should an adjustment be made to Plant, Accumulated Depreciation, and Depreciation Expense for canceled and delayed projects?
Recommendation: Yes. CWIP should be reduced $35,000; Plant in Service should be reduced $465,675; Accumulated Depreciation should be reduced $12,254; and Depreciation Expense should be reduced $14,228.

APPROVED

Issue 6: Should the GDU acquisition adjustment be approved?
Recommendation: Yes. The GDU acquisition adjustment should be approved.

APPROVED

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Issue 7: Should the Vero Beach lateral acquisition adjustment be approved?
Recommendation: Yes. The Vero Beach lateral acquisition adjustment should be approved.

APPROVED

Issue 8: Should the Homestead lateral acquisition adjustment be approved?
Recommendation: Yes. The Homestead lateral acquisition adjustment should be approved.

APPROVED

Issue 9: Should an adjustment be made to plant retirements for the projected test year?
Recommendation: No adjustment is necessary for the plant retirements in the projected test year.

APPROVED

Issue 10: Should rate base be reduced to remove inactive service lines that have been inactive for more than five years?
Recommendation: No rate base adjustment is necessary to remove service lines that have been inactive for more than five years.

APPROVED

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Issue 11: Should an adjustment be made to Plant, Accumulated Depreciation, Depreciation Expense, and CWIP to reflect non-utility operations?
Recommendation: Yes. Plant should be increased $112,469, Accumulated Depreciation should be increased $98,561, Depreciation Expense should be increased $32,651, and CWIP should be decreased $24,635 to reflect non-utility operations.

APPROVED with minor changes to be made by staff as a result of revisions to other issues in this item.

Issue 12: Should an adjustment be made to Plant, Accumulated Depreciation and Depreciation Expense for Corporate allocations by NUI Corporation to City?
Recommendation: Yes. Plant, Depreciation Reserve, and Depreciation Expense should be reduced $243,427, $97,107, and $35,549, respectively for non-utility operations.

APPROVED

Issue 13: What is the appropriate amount of CWIP for the projected test year?
Recommendation: The appropriate amount of CWIP for the projected test year based on staff adjustments is $1,417,684.

APPROVED

Issue 14: What is the appropriate projected test year Total Plant?
Recommendation: The appropriate amount of Total Plant for the projected test year is $185,784,407.

APPROVED

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Issue 15: What is the appropriate projected test year Depreciation Reserve?
Recommendation: The appropriate projected test year Depreciation Reserve is $68,397,507.

APPROVED

Issue 16: Should an adjustment be made to allocate Working Capital to reflect non-utility operations and corporate allocations?
Recommendation: Yes. Working Capital should be decreased $285,455 to reflect non-utility operations.

APPROVED

Issue 17: Should an adjustment be made to "Project Development Costs"?
Recommendation: Yes. Working Capital should be increased by $40,584 and expenses should be reduced by $81,167. In addition, the Company should be directed to establish specific guidelines for determining which expenses should be capitalized and for determining when a project should be considered abandoned and when the associated accumulated capitalized expenses should be charged to operating expenses.

APPROVED

Issue 18: What is the appropriate projected test year Working Capital Allowance?
Recommendation: The appropriate projected test year Working Capital is $3,543,416.

APPROVED

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Issue 19: What is the appropriate projected test year Rate Base?
Recommendation: The appropriate projected test year Rate Base is $120,930,316.

APPROVED

Issue 20: What is the appropriate cost rate of City's common equity for the projected test year?
Recommendation: The appropriate cost rate for City's common equity for the projected test year is 11.5%, with a range of plus or minus 100 basis points.

APPROVED

Issue 21: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?
Recommendation: The appropriate amount of accumulated deferred taxes to include in the capital structure is $10,488,832.

APPROVED

Issue 22: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?
Recommendation: The appropriate amount of unamortized investment tax credits (ITCs) to include in the capital structure is $883,654. The appropriate cost rate is zero.

APPROVED

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Issue 23: Has FAS 109 been appropriately reflected in the capital structure, such that it is revenue neutral?
Recommendation: Yes. FAS 109 has been appropriately reflected in the capital structure, such that it is revenue neutral.

APPROVED

Issue 24: What is the appropriate capital structure for City Gas?
Recommendation: The appropriate capital structure for City should be based on NUI Utilities, Inc.'s capital structure for investor sources. Amounts for customer deposits, deferred taxes, and ITCs should be specifically identified at the City level.

APPROVED

Issue 25: What is the appropriate weighted average cost of capital for the projected test year?
Recommendation: The appropriate weighted average cost of capital for the projected test year is ~~7.85%~~ **7.88%**.

APPROVED

Issue 26: Has City properly removed PGA Revenues, expenses, and taxes-other from the projected test year?
Recommendation: Yes, the Company has properly removed PGA Revenues, expenses and taxes - other from the projected test year.

APPROVED

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Issue 27: Has City properly removed conservation revenues, expenses, and taxes-other from the projected test year?
Recommendation: Yes, the Company properly removed conservation revenues, expenses and taxes - other from the projected test year.

APPROVED

Issue 28: What is the appropriate amount of projected test year total Operating Revenues?
Recommendation: The appropriate level of projected test year total Operating Revenues is $35,441,489.

APPROVED

Issue 29: Should an adjustment be made for the gain on sale of the Medley property?
Recommendation: Yes. Projected test year working capital should be reduced by $48,148, and expenses should be reduced by $36,111 to amortize the gain on the sale of the Medley property.

APPROVED

Issue 30: Has the Company properly allocated expenses between regulated and non-regulated operations?
Recommendation: No. Expenses should be reduced $267,871 for non-utility operations. A non-utility adjustment for Account 923, Outside Services, in the amount of $506,017, which includes NUI corporate services, is recommended in Issue 38.

APPROVED

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Issue 31: Should an adjustment be made to expenses for certain memberships, dues, and charitable contributions?
Recommendation: Yes, 1999 expense should be reduced $4,685 and projected expenses should be reduced $4,970.

APPROVED

Issue 32: Should an adjustment be made to employee insurance and benefits?
Recommendation: Yes. Expenses in Account 926, Employee Pensions and Benefits, should be increased by $357,075. Additionally, Plant in Service should be increased $31,910.

APPROVED

Issue 33: What is the appropriate amount of rate case expense and what is the appropriate amortization period for that expense?
Recommendation: ~~Based on the latest information provided by the Company, t~~ The appropriate amount of rate case expense is ~~$199,456~~ **$399,905**, amortized over four years.

APPROVED

Issue 34: Should an adjustment be made to bad debt expense?
Recommendation: Yes, bad debt expense should be reduced $297,441.

APPROVED

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Issue 35: Should an adjustment be made for late fees related to leased vehicles?
Recommendation: Yes, expenses should be reduced $3,540 in the test year and $3,775 in the projected test year.

APPROVED

Issue 36: Should meter turn ons, turn offs expenses be reduced?
Recommendation: Yes, projected test year expenses should be reduced $217,910 for duplication of expenses.

APPROVED

Issue 37: Should an adjustment be made to remove duplicative O&M expenses?
Recommendation: Yes. O&M expenses should be reduced $276,708 to eliminate duplicative expenses.

APPROVED

Issue 38: Should an adjustment be made to Account 923, Outside Services?
Recommendation: Yes. Account 923 should be reduced $506,017 for non-utility operations and $40,328 for duplicative expenses.

APPROVED

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Issue 39: Should an adjustment be made to the various expense accounts for the Call Center?
Recommendation: Yes. An adjustment should be made to reduce expenses related to the Call Center by $31,888.

APPROVED

Issue 40: Are the trend rates used by City to calculate projected O&M expenses appropriate?
Recommendation: Yes. The trend rates used by the Company are appropriate.

APPROVED

Issue 41: Has City used the appropriate trend basis for each O&M account?
Recommendation: Yes. The Company has used the appropriate trend basis for each account.

APPROVED

Issue 42: Should the projected test year O&M expense be adjusted for the effect of any changes to the trend factors?
Recommendation: No. Projected test year O&M expenses should not be adjusted for changes to the trend factors.

APPROVED

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Issue 43: Should an adjustment be made for odorizing costs?
Recommendation: Yes, projected test year expenses should be reduced $7,286 to amortize the prepaid odorant costs over two and one half years.

APPROVED

Issue 44: What is the appropriate amount of projected test year O&M Expense?
Recommendation: The appropriate amount of projected test year O&M expense is ~~$18,142,658~~ **$18,177,770**.

APPROVED

Issue 45: What is the appropriate amount of projected test year Depreciation and Amortization Expense?
Recommendation: The appropriate amount of projected test year Depreciation and Amortization Expense is $7,332,329.

APPROVED

Issue 46: What is the appropriate amount of Taxes Other Than Income Taxes?
Recommendation: The appropriate amount of Taxes Other is $2,484,259.

APPROVED

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Issue 47: What is the appropriate Income Tax Expense, including current and deferred income taxes and interest reconciliation?
Recommendation: The appropriate Income Tax Expense, including current and deferred income taxes, and interest reconciliation is ~~$1,069,487~~ **$1,072,507**.

APPROVED

Issue 48: What is the appropriate level of Total Operating Expenses for the projected test year?
Recommendation: The appropriate level of total operating expenses for the projected test year is ~~$29,028,732~~ **$29,066,864**.

APPROVED

Issue 49: What is the appropriate amount of projected test year Net Operating Income?
Recommendation: The appropriate amount of projected test year Net Operating Income is ~~$6,412,757~~ **$6,374,625**.

APPROVED

Issue 50: What is the appropriate projected test year revenue expansion factor to be used in calculating the revenue deficiency including the appropriate elements and rates?
Recommendation: The appropriate revenue expansion factor is 1.6269.

APPROVED

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Issue 51: What is the appropriate projected test year revenue deficiency?
Recommendation: The appropriate projected test year revenue deficiency is ~~$5,011,296~~ **$5,132,356**.

APPROVED

Issue 52: Should any portion of the $1,640,777 interim increase granted by Order No. PSC-00-2101-PCO-GU, issued November 6, 2000, be refunded to customers?
Recommendation: No portion of the $1,640,777 interim revenue increase should be refunded.

APPROVED

Issue 53: Should City be required to submit, within 60 days after the date of the PAA 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?
Recommendation: Yes. The utility should be required to fully describe the entries and adjustments that will be either recorded or used in preparing reports submitted to the Commission.

APPROVED

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<u>Issue 54</u>: What are the appropriate billing determinants to be used in the projected test year?
<u>Recommendation</u>: The appropriate billing determinants to be used in the projected test year are indicated on Attachment No. 6, page 15 of staff's January 25, 2001 memorandum.

APPROVED

<u>Issue 55</u>: What is the appropriate cost of service methodology to be used in allocating costs to the various rate classes?
<u>Recommendation</u>: Staff's cost of service methodology adjusted for adjustments made to rate base, operations and maintenance expense, and net operating income.

APPROVED

<u>Issue 56</u>: If any revenue increase is granted, what are the appropriate rates and charges for City resulting from the allocation of the increase among customer classes?
<u>Recommendation</u>: The rates and charges are detailed on Attachment No. 7 of staff's memorandum.

APPROVED

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Issue 57: What is the appropriate effective date for any new rates and charges approved by the Commission?
Recommendation: All new rates and charges should become effective for meter readings on or after 30 days from the date of the vote approving the rates and charges.

APPROVED

Issue 58: Should this docket be closed?
Recommendation: Yes. This docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.

APPROVED