

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval to amortize gain on sale of property over five-year period by Florida Public Utilities Company.

DOCKET NO. 020521-GU  
ORDER NO. PSC-02-1159-PAA-GU  
ISSUED: August 23, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI  
RUDOLPH "RUDY" BRADLEY

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING PETITION TO AMORTIZE GAIN ON SALE

BY THE COMMISSION:

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

BACKGROUND

On March 14, 2002, Florida Public Utilities Company (FPUC) sold property located in Delray Beach, Florida, consisting of land, and an office and warehouse building. The office was used primarily as a customer service location for jurisdictional and non-jurisdictional gas operations. The warehouse was used as a small storage facility. On June 14, 2002, FPUC filed a petition for approval to amortize the gain on the sale of the property over a five-year period, beginning April 1, 2002.

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

PETITION

Pursuant to FPUC's petition, the sales price of the property was \$601,000 with associated cost of sales of \$10,685. The book value of the land is \$28,290. The investment and related reserve associated with the office and warehouse building is \$59,247 and \$25,970, respectively. To recover the net unrecovered amount of the building, \$33,277 of the sales proceeds shall be recorded as gross salvage. The resulting net gain is \$528,748.

Since the property was used for both jurisdictional natural gas operations and non-jurisdictional program operations, a portion of the net gain shall be allocated to each. Consistent with FPUC's last rate proceeding by Order No. PSC-95-0518-FOF-GU, issued April 26, 1995, in Docket No. 940620-GU, the allocation based on number of customers, is 84 percent jurisdictional and 16 percent non-jurisdictional. This results in a jurisdictional net gain of \$444,148 from the sale as shown below.

Sales Price	\$601,000
Less: Cost of Sales	<u>10,685</u>
Net Proceeds	\$590,315
Less: Cost of Land	28,290
Less: Unrecovered Amount of Building	<u>33,277</u>
Net Gain	<u>\$528,748</u>
Jurisdictional (84%)	\$444,148
Non-Jurisdictional (16%)	\$ 84,600

Although it is not unusual for a utility to dispose of real property and realize a gain, it is not part of the normal operations and is generally non-recurring. Therefore, the net gain shall be amortized over five years, beginning April 1, 2002. This treatment is consistent with our prior decisions regarding the amortization of gains on sales of property. (See Order Nos. PSC-97-1609-FOF-EI and PSC-98-0451-FOF-EI, issued December 22, 1997 and March 30, 1998, respectively, in Docket No. 970537-EI; and Order No. PSC-01-0316-PAA-GU, issued February 5, 2001, in Docket No. 000768-GU.)

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition of Florida Public Utilities Company to amortize the gain on sale of the delineated property over a five-year period is approved as set forth in the body of this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 23rd day of August, 2002.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records and Hearing  
Services

( S E A L )

RRJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 13, 2002.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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