State of Florida

Public Service Commission

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DATE: DECEMBER 23, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (BRINKLEY, BAXTER, DRAPER, GARDNER, HEWITT, KAPROTH, KENNY, LESTER, LINGO, C. ROMIG, SPRINGER, STALLCUP, WHEELER, WINTERS)
DIVISION OF COMPETITIVE SERVICES (MAKIN)
OFFICE OF THE GENERAL COUNSEL (JAEGER)

MB JS ED KK MCB MAH JDJ ALM

RE: DOCKET NO. 030569-GU - APPLICATION FOR RATE INCREASE BY CITY GAS COMPANY OF FLORIDA.

AGENDA: 01/06/04 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 5-MONTH EFFECTIVE DATE: JANUARY 15, 2004 (PAA RATE CASE)

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\City Gas 030569-GU\
Final.RCM
Final Attachments 1-5.123
Final Attachments 6A-7P.123
Final Attachment 8.xls

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CASE BACKGROUND

This proceeding commenced on August 15, 2003, with the filing of a petition for a permanent rate increase by City Gas Company of Florida, a division of NUI Corporation (City Gas or the Company). City Gas requested an increase of $10,489,305 in additional annual revenues. The Company based its request on a 13-month average rate base of $123,421,819 for a projected test year ending September 30, 2004. The requested overall rate of return is 8.10% based on an 11.25% return on equity.

The Company also requested an interim increase of $3,548,987. It calculated the interim increase request using a 13-month average rate base of $120,131,684, at a 7.21% rate of return using a 10.50% return on equity. The interim test year was the period ended September 30, 2002.

The Commission granted an interim increase of $2,942,306 by Order No. PSC-03-1217-PCO-GU, issued October 27, 2003, in this docket. In that Order, the Commission found the Company's jurisdictional rate base to be $120,124,181 for the interim test year ended September 30, 2002, and its allowed rate of return to be 7.30%, using a return on equity of 10.50%

The Commission last granted City Gas a permanent increase of $5,132,356 by Order No. PSC-01-0316-PAA-GU, issued February 5, 2001, in Docket No. 000768-GU, In Re: Petition for a rate increase by City Gas Company of Florida. In that Order, the Commission found the Company's jurisdictional rate base to be $120,930,316 for the projected test year ending September 30, 2001. The allowed rate of return was found to be 7.88% for the test year using an 11.50% return on equity.

Pursuant to Section 366.06(4), Florida Statutes, City Gas requested to proceed under the rules governing Proposed Agency Action (PAA). Under this section, if the Commission fails to issue a PAA Order within five months of the filing, the Company is entitled to place the proposed rates in effect under bond or corporate undertaking. The Commission has jurisdiction under Sections 366.04, 366.05 and 366.06, Florida Statutes.

Customer meetings were held in Coral Gables on October 29, 2003, and in Port St. Lucie and Melbourne (Viera) on October 30, 2003. The purpose of these meetings was to allow the public to offer comments concerning City Gas's requested permanent rate increase and the quality of service provided. Eight customers spoke at the customer meeting in Coral Gables, four spoke at in Port St. Lucie, and eight spoke in Melbourne. Also, many customers have submitted written comments concerning the requested rate increase and quality of service provided by City Gas.

Four views were common among customers: the proposed revenue increase is too high; the proposed rate structure unfairly targets residential customers; too many bills are estimated; and some City Gas customer service staff are unable to answer questions about the rate increase.

Customers did not go into detail about why they viewed the proposed revenue increase as too high, although several mentioned that it seemed conflicting that the Company points to lack of customer growth as a reason for less than anticipated revenues, yet cites customer growth as a reason why its expenses have increased. The impact of customer growth on expenses is discussed in Issues 44, 45, and 46 and the impact of growth in billing determinants is discussed in Issue 2.

Staff reviewed the proposed rate structure and various proposed charges and discusses them in the *Cost of Service and Rate Design* section of the recommendation.

As regards to quality of service, Staff reviewed the frequency of estimated bills, City Gas's inability to answer some questions, the customer comments at the Customer Meetings, and the level of complaints over the past two years and discusses them in Issue 3.

DISCUSSION OF ISSUES

TEST PERIOD

ISSUE 1: Is City Gas's projected test period of the twelve months ending September 30, 2004 appropriate?

RECOMMENDATION: Yes. With the adjustments recommended by Staff in the following issues, the 2002 and 2004 test years are appropriate. (BRINKLEY)

STAFF ANALYSIS: The Company used actual data for the 2002 test year rate base, net operating income and capital structure. The 2004 projected test year balances were prepared using a combination of 2002 data trended for expected inflation, customer growth, and payroll growth, specific budgeted increases, or actual balances at May 2003 trended for expected growth. Certain plant additions in fiscal year 2003 have been audited by Commission auditors and analyzed by Staff as well.

The purpose of the test year is to represent the financial operations of a company during the period in which the new rates will be in effect. New rates for City Gas will go into effect 30 days after the January 6, 2004 agenda, or about February 5, 2004. City Gas's 2004 fiscal year begins October 1, 2003, and ends September 30, 2004. Therefore, fiscal year 2004 is an appropriate test year.

In the following issues, Staff is recommending that certain adjustments be made to City Gas's projected test year. With the inclusion of these adjustments, Staff believes that 2002 and the projections of City Gas's financial operations for 2004 are sufficient to use as a basis for setting rates.

ISSUE 2: Are City Gas's forecasts of customers and therms for the September 30, 2004, projected test year appropriate?

RECOMMENDATION: Yes. The projected number of customers and therms by rate class as contained in Minimum Filing Requirement (MFR) Schedule G-2, pages 8 through 11, for fiscal year 2004 are appropriate for setting rates. (STALLCUP, HEWITT)

STAFF ANALYSIS: Staff reviewed the projected billing determinants contained in MFR Schedule G-2, pages 6 through 11, for fiscal years 2003 and 2004 by analyzing the appropriateness of the Company's forecasting methodology and the consistency of the projected values with historical trends, and by comparing the projections to the latest available actual data. Based of these analyses, Staff recommends that the billing determinants contained in MFR Schedule G-2 be approved.

As described in the direct testimony of Company Witness Nikolich, the billing determinants for the Residential and Commercial rate classes were projected using multiple regression techniques, while customers in the Industrial classes were projected individually based on customer survey data and historical trends. For the Residential and Commercial rate classes, customer growth by rate class was projected based on estimates from the Company's Marketing and Engineering Departments. These departments maintain contact with local governmental authorities and developers. The information obtained from these contacts form the basis of the customer growth estimates for each of the three operating divisions of the Company. The number of therms were projected on a per customer basis using multiple regression techniques. Variations in therm usage per customer were modeled using economic, climatological, and time-trend variables. Staff evaluated the assumptions, statistical properties, and output of these models and found them to be appropriate. Finally, the Company's estimates of total therms by rate class was calculated by multiplying the projected number of customers by the projected therm use per customer.

In response to a Staff request for production of documents, the Company provided historical monthly customer and therm data by rate class for the period October 1996 through September 2002. Additionally, the Company provided the fiscal year 2003 forecast variance report which contained actual customer and therm data by rate class for the October 2002 through September 2003 time period.

Taken together, this data provided seven years of historical data immediately preceding the 2004 test year. This data was used to provide a historical context for evaluating the projected test year data presented in MFR Schedule G-2. Staff analyzed tabular and graphical representations of this data to determine if the projected data for the 2004 test year appeared consistent with historical trends. For the Residential and Commercial rate classes, the projected test year billing determinants closely match the long-term and seasonal variations displayed by the historical data. Therefore, Staff believes that the billing determinants for these rate classes are consistent with historical growth patterns. The billing determinants for the Industrial rate classes, however, show a marked increase in the test year compared to the actual 2003 year-end industrial customer counts. In response to a Staff inquiry, the Company explained that the increase in test year industrial customers reflected new accounts that had been delayed during the recent economic downturn, but that are anticipated to come on-line during the test year.

Finally, Staff produced an alternate test year forecast by applying the projected test year month-to-month changes in customers contained in MFR Schedule G-2 to the latest (September 2003) historical data. This had the effect of updating the Company's customer forecast by approximately six months. Test year therms were then calculated by multiplying the updated customer projections by the Company's 2004 therms per customer estimates. Test year revenues were calculated by multiplying the updated customer projections by the Company's 2004 revenue per customer estimates derived from the data contained in MFR Schedule G-2. A comparison of this alternate forecast to the Company's forecast is shown in the following table:

	Residential	Commercial	Industrial	Total
Customers				
Company	96,209	5,505	93	101,807
Staff	95,831	5,481	83	101,395
% diff.	-0.4%	-0.4%	-10.5%	-0.4%
Therms				
Company	19,787,230	46,124,374	45,370,957	111,282,561
Staff	19,732,711	45,930,454	40,697,326	106,360,490
% diff.	-0.3%	-0.4%	-10.3%	-4.4%
Revenues				
Company	$37,624,556	$29,130,638	$7,425,657	$74,180,851
Staff	$37,476,536	$29,004,085	$6,642,953	$73,123,573
% diff.	-0.4%	-0.4%	-10.5%	-1.4%

As shown in the table, the effect of updating the Company's forecast to reflect the latest available actual data has a very small negative impact on the Residential and Commercial rate class projections. For the Industrial rate classes, however, Staff's updated projections fall approximately 10 percent below the Company's forecasts. Staff notes that this difference reflects the Company's assertion discussed above that several delayed Industrial customer projects will come on-line during the test year. Since accepting the Company's assertion will not have an adverse impact on the rates for existing Industrial customers, Staff believes that it is appropriate to accept the Company's assertion that its projected Industrial customer growth will occur some time during the test year.

Based on the analyses described above, Staff recommends that the Company's projected test year customers and therms presented in MFR Schedule G-2 are appropriate for setting rates.

QUALITY OF SERVICE

ISSUE 3: Is the quality of service provided by City Gas adequate?

RECOMMENDATION: Yes. The quality of service provided by City Gas is satisfactory. (BRINKLEY, DRAPER)

STAFF ANALYSIS: Customer meetings were held in Coral Gables, Port St. Lucie, and Melbourne on October 29-30, 2003, to gather input from customers as to the Company's request for a permanent rate increase and as to its quality of service. In total, twenty customers spoke in opposition to the proposed rate increase.

On December 8, 1997, the Commission granted City Gas authority to implement a bi-monthly meter reading program by Order No. PSC-97-1534-FOF-GU in Docket No. 971074. The program was implemented in part to reduce costs; however, missing one actual meter reading results in three consecutive estimated bills. Several customers complained at the customer meeting that they were not happy having their meters estimated so often.

One customer's meter was estimated three consecutive months during which time his gas heater broke and he had no gas consumption. Based on prior usage, City Gas billed him and he paid hundreds of dollars above what his charge would have been had his meter been read instead of estimated. Based on this reduced usage, at about $30 per month, it would take many months for this customer to use up his credit. The utility indicated that it would investigate this complaint and advise Staff of any subsequent actions taken. A few weeks later the Company advised Staff that the problem had been resolved. Staff called the customer to verify that everything was okay and the customer advised Staff that his complaint was totally resolved and he was "very satisfied."

City Gas maintains a webpage on its website devoted to instructing its customers how estimated bills reduce meter reading costs, how estimated bills are trued up, and what customers can do to help reduce the likelihood that bills are estimated several times in a row. If a scheduled bi-monthly reading does not take place, customers are provided the opportunity to read the meters themselves and report it by way of a toll-free telephone number or the Internet. City Gas employees are required to read each meter at least twice per year.

Additionally, the Company was provided internal audit services by Deloitte & Touche, LLP, in early 2003 regarding gas consumption data flow from metering to invoicing. The independent auditors reviewed recordkeeping procedures, service/meter reader dispatching procedures, and other internal processes that impact the timeliness and accuracy of billing and servicing. In response to audit findings, the Company has taken steps to reduce the likelihood that meters will go unread for extended periods.

Several customers mentioned that some City Gas customer service staff were unable to answer questions about the rate increase or were rude. These appear to be isolated incidents outside of City Gas's policies on customer service.

Staff reviewed consumer complaints logged by the Division of Consumer Affairs over the past two years. Although City Gas's complaints continue to be the highest among the other regulated gas companies, City Gas's service territory and its higher proportion of residential customers contribute to an expected higher level of complaints. From January 2002 to September 2003, City Gas's complaint level has averaged 0.1165 complaints per 1,000 customers. No complaint has risen to the level that Staff suggests any action be taken. There are no safety concerns at this time as well. On the whole, complaints against City Gas's quality of service appear to be minimal. Staff recommends that the Commission find that City Gas's quality of service is satisfactory.

RATE BASE

ISSUE 4: Should the projected test year rate base be adjusted to remove inactive service lines that have been inactive for five years or more?

RECOMMENDATION: Yes. Test year Plant in Service, Accumulated Depreciation, and Depreciation Expense should be reduced by $144,925, $144,925, and $10,290 respectively to reflect the 955 inactive service lines that have been inactive for five years or more.

Staff recommends that the Company complete an inactive service line study to determine how many of the 955 service lines should be cut/capped and physically abandoned. The study and retirements should be completed and provided to the Bureau of Safety no later than 24 months from the date of the executed order. (GARDNER)

STAFF ANALYSIS: City Gas identified 955 inactive service lines in accordance with Rule 25-12.045, Inactive Gas Service Lines, Florida Administrative Code. The rule outlines the necessary action for inactive gas service lines that have been used, but have become inactive without reuse. Section (1)(c) of the rule states: "After five years of inactivity, service lines shall be retired and physically abandoned within six months." To physically abandon a service line, the operator must disconnect the service line from all sources of gas at the nearest point to the main. Where the appropriate governmental authority prohibits cutting pavement, the service line shall be disconnected at the nearest point not under a paved surface. Also, the stub of the service line, the short section of the remaining service line to the main, shall be disconnected closer to the main or at the main, if at some later date it becomes accessible during normal operations.

Staff's audit review provided the number of service lines inactive for five or more years by each Division for City Gas. Of the four divisions reviewed, Miami/Hialeah and Treasure Coast divisions have 950 and 5 inactive service lines, respectively.

City Gas's response to Staff's Second Set of Interrogatories, Numbers 7, 8, and 9, included a listing of the 955 inactive service lines ranging from 1983 through 1998. The majority of the inactivity occurred during 1991, 1992, and 1995. Based upon Staff's review of the information provided, Staff believes that the

955 inactive service lines should be removed from the projected test year for ratemaking purposes, and the associated cost removed from plant in service, accumulated depreciation, and depreciation expense for the projected test year.

ISSUE 5: Is City Gas's Gas Plant in Service of $198,469,190 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Gas Plant in Service for the projected test year is $198,324,265. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decision made in Issue 4.

ISSUE 6: Should any of the following corporate allocations from NUI Corporation to City Gas be adjusted: Common Plant Allocated in the amount of $8,128,136, Accumulated Depreciation - Common Plant Allocated in the amount of $3,821,245, and Common Plant Depreciation and Amortization Expense in the amount of $1,131,596?

RECOMMENDATION: Yes. Common Plant Allocated should be reduced by $1,766,884, Accumulated Depreciation - Common Plant Allocated should be reduced by $119,520, and Common Plant Depreciation and Amortization should be reduced by $302,961, as a result of NUI's projected corporate capital spending reductions due to its pursuit to sell NUI.

In addition, pursuant to Audit Exception No. 3, Common Plant Allocated should be reduced by $570,346, Accumulated Depreciation - Common Plant should be reduced by $65,149, and Common Plant Depreciation and Amortization should be reduced by $15,930 to remove plant unrelated to City Gas. (C. ROMIG, BRINKLEY, GARDNER)

STAFF ANALYSIS: In its MFRs, on Schedule G-1, Page 1 of 28, for the projected test year, the Company included an allocated portion of NUI Headquarters' Corporate Assets, related Accumulated Depreciation and Depreciation Expense. These amounts were based on actual expenditures and budgeted amounts for capital investments at the NUI corporate level that support utility operations in Florida and other states. A portion of this investment is allocated to City Gas by adjustment, part using the 20.2% three factor and part using the 28% factor.

The Company filed its MFRs on August 15, 2003. On September 26, 2003, NUI announced that its Board of Directors had established a Special Committee of independent directors to pursue the sale of NUI. Following this announcement, Staff asked the Company to provide a list of projected capital spending reductions resulting from its intention to sell NUI. Pursuant to Audit Exception No. 2 and further inquiries by Staff, the Company provided a comprehensive list of $11,543,833 projected capital spending reductions. Of the $11,543,833, $6,000,000 relates to the projected Billing System and the other $5,543,833 applies to numerous plans, including $2,300,000 for Phase Two of the Disaster Recovery Project and $475,000 of software and hardware costs for its projected treasury automation and integration.

In summary, as a result of its projected corporate capital spending reductions due to its pursuit to sell NUI, Common Plant Allocated should be reduced by $1,766,884, Accumulated Depreciation - Common Plant Allocated should be reduced by $119,520, and Common Plant Depreciation and Amortization should be reduced by $302,961.

In Staff's review of additions to NUI common plant, a number of costs were found which were leasehold improvements for tenants or affiliated companies. These costs should have been directly billed to the tenants or charged to accounts of the affiliated companies. Due to NUI recording these costs on their books, the costs were allocated down to City Gas.

The specific costs were itemized in Audit Exception No. 3 and reviewed by City Gas. City Gas explained in more detail the nature of two of the costs, indicating that the costs supported the activities of NUI and were properly allocated to City Gas. The Company agreed that the remainder of the costs should be removed.

The adjustments to remove costs related to tenants or affiliated companies are reductions to Common Plant Allocated in the amount of $570,346, Accumulated Depreciation - Common Plant Allocated in the amount of $65,149, and Depreciation and Amortization - Common Plant Allocated in the amount of $15,930.

The Company is in agreement with these adjustments.

ISSUE 7: Should any of the following balances be adjusted for non-utility operations: Common Plant in the amount of $2,405,121, Accumulated Depreciation - Common Plant in the amount of $1,153,707, and Depreciation and Amortization Expense in the amount of $131,856?

RECOMMENDATION: Yes. Plant should be reduced $34,748; Accumulated Depreciation should be reduced $14,376; and Depreciation Expense should be reduced $761. (BRINKLEY, GARDNER)

STAFF ANALYSIS: Pursuant to the Staff Engineering Report, since the previous rate case, approximately 7,600 square feet of regulated utility usage has been eliminated from the Titusville Gate property. This decrease in utility usage increases the allocation to non-utility from 72% to 83.7%. To account for this, an adjustment should be made to reduce Account 374 - Land, by $2,697 for the projected test year.

Staff reviewed the allocation of the Rockledge Office and Port St. Lucie property and determined that 18.9% was used for non-utility purposes. The Company used a non-utility rate of 12% for structures and improvements to that property. Staff believes that structures and improvements to the property should be allocated using the same percentage. To do this, Account 375 - Structures & Improvements should be reduced by $394 ($134 and $260 for the Rockledge and Port St. Lucie properties, respectively). Similarly, Accumulated Depreciation and Depreciation Expense associated with Account 375 - Structures & Improvements should be reduced by $260 ($122 + $38) and $10 ($3 + $7), respectively.

The Rockledge and Port St. Lucie allocations also affect Account 390 - Structures & Improvements, and its related Accumulated Depreciation and Depreciation Expense. These should be reduced as well to reflect Staff's higher non-utility rate. To do this, Account 390 - Structures & Improvements should be reduced by $31,657 ($30,310 for Rockledge and $1,347 for Port St. Lucie); Accumulated Depreciation should be reduced by $14,116 ($13,876 + $240); and Depreciation Expense should be reduced by $751 ($715 + $36).

ISSUE 8: Is City Gas's Common Plant Allocated of $5,723,015 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Common Plant Allocated for the projected test year is $3,351,037. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in Issues 6 and 7.

ISSUE 9: Are City Gas's Acquisition Adjustment, Accumulated Amortization of Acquisition Adjustment, and related Amortization Expense of $1,462,697, $226,472, and $46,740, respectively, appropriate for the projected test year?

RECOMMENDATION: Yes. City Gas's Acquisition Adjustment, Accumulated Amortization of Acquisition Adjustment, and related Amortization Expense of $1,462,697, $226,472, and $46,740, respectively, are appropriate for the projected test year. (WINTERS)

STAFF ANALYSIS: On MFR Schedule G-1, Page 1 of 28, City Gas has shown an Average Unadjusted Acquisition Adjustment of $30,832,927. To this amount, it made an adjustment of $29,370,230 to remove the acquisition adjustments related to the acquisition of City Gas by NUI and the Fort Pierce Utilities acquisition, resulting in an Average Adjusted Acquisition Adjustment of $1,462,697. These two adjustments were disallowed by the Commission in earlier proceedings.

Also on MFR Schedule G-1, Page 1 of 28, City Gas has shown Average Unadjusted Accumulated Amortization - Acquisition Adjustment of $15,387,056. Of this amount, $15,160,584 is adjusted out for the amortization of the two disallowed acquisition adjustments mentioned above, resulting in Average Adjusted Accumulated Amortization - Acquisition Adjustment of $226,472.

The related amortization expense of $46,740 is shown on MFR Schedule G-2, Page 1 of 34, as part of the Per Books Depreciation & Amortization Expense of $7,395,579. The $46,740 excludes the amortization related to the two disallowed acquisition adjustments.

Staff reviewed the history of these accounts and agrees with the Company's projected amounts for the Acquisition Adjustment, Accumulated Amortization of Acquisition Adjustment, and the related Amortization Expense.

ISSUE 10: Is City Gas's Construction Work in Progress (CWIP) of $6,452,439 for the projected test year appropriate?

RECOMMENDATION: Yes. City Gas's Construction Work in Progress (CWIP) of $6,452,439 for the projected test year is appropriate. (WINTERS, C. ROMIG)

STAFF ANALYSIS: On MFR Schedule G-1, Page 1 of 28, City Gas has shown Construction Work in Progress (CWIP) of $6,452,439. Staff reviewed the projected amounts in the CWIP account and is proposing no adjustments to the Company's projected CWIP amount.

ISSUE 11: Is City Gas's Total Plant of $212,107,341 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Total Plant for the projected test year is $209,590,438 . (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in Issues 5, 8, 9 and 10.

ISSUE 12: Is City Gas's Accumulated Depreciation of Gas Plant in Service of $84,927,235 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate Accumulated Depreciation of Gas Plant in Service for the projected test year is $84,776,445. (GARDNER)

STAFF ANALYSIS: This is a calculation based upon the decisions made in Issues 4, 48, and 49.

ISSUE 13: Is City Gas's requested Accumulated Depreciation and Accumulated Amortization of Plant in Service of $87,821,245 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Accumulated Depreciation and Amortization of Plant in Service for the projected test year is $87,471,410. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in Issues 6, 7, 9 and 12.

ISSUE 14: Should an adjustment be made to Interest Accrued in Working Capital?

RECOMMENDATION: Yes. Interest Accrued should be increased by $100,639 to reflect correction to NUI interest payable. (WINTERS, C. ROMIG)

STAFF ANALYSIS: The Company included Average Unadjusted Interest Accrued of $1,336,328 in its Working Capital Allowance on MFR Schedule G-1, Page 3. To calculate the appropriate amount of Interest Accrued to include in Working Capital Allowance, City Gas used the ratio of City Gas debt to NUI Utilities debt and applied that ratio to NUI Utilities' interest payable. This pro rata interest payable was then compared to City Gas's Unadjusted Interest Accrued and an adjustment was made, for the difference, decreasing Interest Accrued by $198,324. However, misstated amounts were used for NUI Utilities debt in this calculation, and the pro rata ratio of City Gas debt to NUI Utilities debt was not accurate. Using the correct debt amounts and ratio, the adjustment should have been to decrease Interest Accrued by $97,685.

Since Interest Accrued was decreased by $198,324 when it should have been decreased by only $97,685, an adjustment increasing Interest Accrued, and thereby decreasing working capital by $100,639, is needed. The Company agrees with this adjustment.

ISSUE 15: Should an adjustment be made to Accrued Taxes Payable and Tax Collections Payable in Working Capital?

RECOMMENDATION: Yes. Taxes Accrued - General should be increased by $242,900 and Tax Collections Payable should be increased by $1,067,188. (WINTERS)

STAFF ANALYSIS: Per MFR Schedule G-1, Page 3 of 28, the Company proposed a credit amount of $146,963 for Taxes Accrued - General, and a debit amount of $486,363 for Tax Collections Payable for the projected test year.

The Company included $132,944 of Taxes Accrued related to Regulatory Assessment Fees (RAFs). In Issue 51, Staff is making an adjustment to RAFs. Using the recalculated RAFs, the resulting 13-month average liability is $59,739. Therefore Taxes Accrued - General should be decreased by $73,205 to reflect the correct balance of the liability related to the RAFs.

The Company also included $388,405 for Accrued Property Taxes in the Taxes Accrued - General. Property Taxes are recalculated by Staff in Issue 51. Using the recalculated Property Taxes, the correct 13-month average is $704,510. Therefore Taxes Accrued - General should be increased by $316,105 to reflect the correct balance of the accrued property taxes payable account.

In its Tax Collections Payable, the Company included a debit balance of $477,129 for Payroll Deduction - Employee - FICA (Acct. 218000), and a debit balance of $593,283 for Payroll Deduction - Employee - FIT (Acct. 218001). In response to Staff's October 17, 2003, Question No. 8, the Company stated:

> Both of these accounts have large debit balances because they record the disbursements made each pay cycle for the employee's portion of these taxes. The offsetting credit was being recorded on another business unit's books. This has since been corrected and the disbursements are now made from the same account in which the collections are recorded.

The balances in these accounts are expected to be zero going forward; therefore, Tax Collections Payable should be increased by $1,070,412 ($477,129 + $593,283).

In addition, the Company inadvertently included in Tax Collections Payable a net credit balance of $3,224 associated with payroll-related income taxes for New Jersey, Pennsylvania, North Carolina, and Maryland. An adjustment to decrease Tax Collections Payable by $3,224 is appropriate inasmuch as these liabilities do not relate to City Gas's operations.

In summary, based on the above adjustments, Taxes Accrued - General should be increased by $242,900, and Tax Collections Payable should be increased by $1,067,188, resulting in a net decrease to Working Capital Allowance of $1,310,088.

ISSUE 16: Have under recoveries and over recoveries related to the Purchased Gas Adjustment and Conservation Cost Recovery been appropriately reflected in the Working Capital Allowance?

RECOMMENDATION: Yes. The Company has appropriately reflected under recoveries and over recoveries in the Working Capital Allowance. (WINTERS, C. ROMIG)

STAFF ANALYSIS: In its working capital allowance, MFR Schedule G-1, Page 2, the Company included a net over recovery of Purchased Gas Revenue of $1,425,345 and a net over recovery of Energy Conservation Revenue of $907,340, for a total over recovery of $2,332,685.

On Page 11 of Witness Lopez's prefiled testimony, she states,

> Both ECCR and fuel costs are projected to be over-recovered in 2004. Consistent with Commission guidelines, City Gas left these over-recoveries in working capital, as a reduction of rate base.

Staff agrees that the Company has accounted for its over recoveries according to prior Commission practice. Commission practice has been to exclude under recoveries, which are assets, from working capital and to include over recoveries, which are liabilities, in working capital.

The rationale for excluding under recoveries is that the ratepayer is paid the commercial paper rate by the Company through the clause mechanism, but at the same time, if included in working capital, the Company would be allowed to earn the overall rate of return on the increased rate base. This asymetrical treatment would give the Company a bonus instead of a penalty when cost under recoveries occur because the overall cost of capital is higher than the commercial paper rate.

The rationale for including over recoveries as a reduction to working capital is to provide the Company with an incentive to make its projections for the cost recovery clause as accurate as possible and avoid large over recoveries.

Based on the above discussion and the Company's position as reflected in its MFRs, the Company has appropriately reflected under recoveries and over recoveries in the Working Capital Allowance.

ISSUE 17: Has City Gas accounted for its Asset Retirement Obligations in accordance with Rule 25-14.014, Florida Administrative Code, Accounting for Asset Retirement Obligations under SFAS 143, such that it is revenue neutral?

RECOMMENDATION: Yes. City Gas has accounted for its Asset Retirement Obligations in accordance with Rule 25-14.014, Florida Administrative Code, Accounting for Asset Retirement Obligations under SFAS 143, such that it is revenue neutral? (C. ROMIG, KAPROTH)

STAFF ANALYSIS: The Financial Accounting Standards Board issued Statement No. 143, Accounting for Asset Retirement Obligations (SFAS 143) in June 2001. This statement applies to legal obligations associated with the retirement of long-lived assets. Rule 25-14.014 states that SFAS 143:

> ... shall be implemented by each utility in a manner such that the assets, liabilities and expenses created by SFAS 143 and the application of SFAS 143 shall be revenue neutral in the rate making process.

SFAS 143 was effective for financial statements issued for fiscal years beginning after June 15, 2002. Therefore, for City Gas, the implementation date was the fiscal year beginning October 1, 2002 and ending September 30, 2003.

Following an internal review, the Company determined that its galvanized replacement program in Florida fell within the intention of SFAS 143, based on City Gas's commitment to the Commission that it would replace the pipe in the galvanized replacement program.

In response to Staff's October 24, 2003 Questions Nos. 1, 2 and 3, and further clarification, the Company provided Staff with its journal entries for the initial recognition of the Asset Retirement Obligation (ARO) which it recorded in fiscal year ended September 30, 2003, and its period-to-period monthly accounting for the same period. Based on Staff's review of this information and the ARO entries in the MFRs, Staff believes that SFAS 143 has been recorded and projected so that it is revenue neutral, and, therefore, is in substantial compliance with Rule 25-14.014, Florida Administrative Code.

However, during conversations with the Company, it was learned that the journal entries to record the initial recognition and the period-to-period entries for 2003 have not been reviewed by the Company's external auditors. The entire ARO issue will be reviewed in conjunction with Price Waterhouse's review for the September 30, 2003 Annual Report to the Stockholders. In conversations with a Company representative, Staff learned that the Company's initial correspondence with Price Waterhouse indicates that the Company is still unsure if the ARO recognition is required. For this reason, ARO entries that have been recorded may be reversed prior to issuance of the Annual Report.

For this proceeding, the recording of the ARO as it relates to its galvanized replacement program is in accordance with Rule 25-14.014, Florida Administrative Code, Accounting for Asset Retirement Obligations under SFAS 143 as it is revenue neutral.

ISSUE 18: Should an adjustment be made to Working Capital Allowance for the net of Deferred Piping and Accumulated Amortization of Deferred Piping?

RECOMMENDATION: Yes. Working Capital Allowance should be increased by $61,207 for the net of Deferred Piping and Accumulated Amortization of Deferred Piping. This represents an increase to Deferred Piping of $62,306 and an increase to Accumulated Amortization of Deferred Piping of $1,099. (WINTERS, C. ROMIG)

STAFF ANALYSIS: The Company included $12,593,913 for Deferred Piping as part of its deferred debits in its Working Capital Allowance (WCA). In response to Staff's September 26, 2003, Question No. 18, the Company provided Staff with a revised Deferred Piping schedule. Staff recalculated Deferred Piping for the projected test year of $12,656,219, resulting in a $62,306 increase to Deferred Piping and WCA.

The Company also included Deferred Piping - Accumulated Amortization of ($12,187,476) in its WCA. Staff recalculated the 13-month average Deferred Piping - Accumulated Amortization of ($12,188,575), resulting in a decrease to Accumulated Amortization of Deferred Piping and WCA of $1,099.

The analysis of Deferred Piping, Accumulated Amortization of Deferred Piping, and Amortization of Deferred Piping is discussed in detail in Issue 36. The Company is in agreement with this adjustment.

ISSUE 19: Is City Gas's Working Capital of $(864,289) for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Working Capital for the projected test year is $(2,206,033). (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in Issues 14, 15, 18, and 32.

ISSUE 20: Is City Gas's Rate Base of $123,421,807 for the September 2004 projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Rate Base for the projected test year is $119,912,995. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in the preceding issues.

COST OF CAPITAL

ISSUE 21: Should an adjustment be made to Accumulated Deferred Income Taxes in the capital structure?

RECOMMENDATION: Yes. An adjustment should be made to increase Accumulated Deferred Income Taxes in the capital structure by $4,713,871 to reflect a balance of $11,845,018. (KENNY)

STAFF ANALYSIS: The Company has included accumulated deferred taxes of $7,131,147 in its 2004 projected test year capital structure. The per book amount of $12,469,007 is reduced by $5,337,860 for the deferred taxes related to the NUI acquisition adjustment. This adjustment is consistent with its prior rate cases.

In September 2003, the Company recorded an increase in deferred taxes of $1,535,859 related to the fiscal year ended September 30, 2002. This amount was not included in the MFRs. Therefore, Staff has increased deferred taxes by this amount.

Deferred taxes are usually increased when tax depreciation is greater than book depreciation. For the fiscal years ended 2003 and 2004, tax depreciation was greater than book depreciation. This difference should result in an increase to deferred taxes. However, the deferred taxes in the balance sheet reflected a decrease. Staff has increased the amount of deferred taxes by $3,093,906 to reverse the decrease and reflect the increase in this account each year.

The Company made an adjustment of $8,128,136 to plant in service to include the amount of common plant allocable from NUI Corporation to City Gas. The accumulated depreciation related to this plant is $3,821,245. In Issue 6, Staff decreased the amount of common plant and accumulated depreciation allocated to City Gas by a net amount of $2,152,561.

Additionally, the Company has removed common plant of $2,405,121 that is allocated to NUI Corporation. The accumulated depreciation related to this plant is $1,153,707. In Issue 7, Staff adjusted the amount of common plant and accumulated depreciation allocated to NUI Corporation by a net amount of $20,372.

Based on the Company's net allocations of common plant and Staff's adjustment in Issues 6 and 7, the net amount of common plant allocated to the Company, less accumulated depreciation, is $882,544.

However, the Company did not include an adjustment for the deferred taxes related to this common plant allocation in its MFRs. Staff has determined the amount of deferred taxes related to this common plant allocation to be $84,063. As a result, Staff has increased deferred taxes by this amount.

The net result of the above-mentioned adjustments indicates that the 13-month average balance of deferred taxes should be increased by $4,713,871. Therefore, the appropriate amount of accumulated deferred taxes to include in the capital structure is $11,845,018.

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) is $536,361. The ITCs should be included in the capital structure at a zero cost rate. (KENNY)

STAFF ANALYSIS: The Company proposes to include ITCs of $536,361 in its projected 2004 test year capital structure at zero cost. The ITCs included in the capital structure are specifically related to plant included in rate base. This treatment is consistent with the treatment in its last rate case. Staff agrees that the amount and the cost rate, as filed, is appropriate.

ISSUE 23: Have rate base and capital structure been reconciled appropriately?

RECOMMENDATION: No. The Commission should adjust City Gas's capital structure to match the investor capital ratios to those of NUI Utilities, Inc. The appropriate investor capital ratios are an equity ratio of 43.35%, a long-term debt ratio of 47.55% and a short-term debt ratio of 9.10%. (LESTER)

STAFF ANALYSIS: In reconciling rate base and capital structure, City Gas made adjustments to its capital structure to reflect the investor capital ratios of NUI Utilities, Inc. (NUI Utilities). City Gas is a division of NUI Utilities. City Gas relies on NUI Utilities as the source of capital and does not issue its own debt or equity. Therefore, the capital structure for NUI Utilities is reasonable to use for City Gas in determining the appropriate cost of capital. NUI Utilities is a subsidiary of NUI Corporation.

City Gas forecasted NUI Utilities' balance sheet for the test year ending September 2004. City Gas removed lease appliances supported by this balance sheet by specifically identifying accounts associated with the leased appliances. City Gas removed an amount for non-utility common plant directly from NUI Utilities' equity balance. The result was an equity ratio of 48.53%, a long-term debt ratio of 50.39%, and a short-term debt ratio of 1.09%. City Gas adjusted its ratios for investor capital to conform with these ratios based on NUI Utilities. This capital structure derivation is generally consistent with the derivation the Commission used in City Gas's last rate case, as set out in Order No. PSC-01-03160-PAA-GU, issued February 5, 2001, in Docket Nol 000768-GU, In Re: Request for a rate increase by City Gas Company of Florida.

To forecast the balance sheet for NUI Utilities for the projected test year, City Gas began with NUI Utilities balance sheet as of May 31, 2003. City Gas trended these balance sheet amounts forward to derive a capital structure for the projected test year. City Gas reduced the amount of short-term debt on that balance sheet by the amount of receivables due to NUI Utilities from NUI Corporation. This significantly reduced the amount of short-term debt in City Gas's capital structure. However, according to the balance sheet for NUI Utilities as of September 30, 2003, the amount of short-term debt was $132,400,000.

The capital structure for NUI Utilities has been affected by financial problems that NUI Corporation has experienced. NUI Corporation faces significant financial problems related to unprofitable non-utility businesses. These problems have led to downgrades in the bond ratings of both NUI Corporation and NUI Utilities. The current Standard and Poor's bond rating for NUI Utilities is BB, which is below investment grade. In addition, the New Jersey Board of Public Utilities and the New Jersey Attorney General's office are investigating certain questionable transactions associated with NUI Energy Brokers, which is a subsidiary of NUI Corporation. The problems have also prompted NUI Corporation to seek a buyer for the entire Company.

As of November 24, 2003, NUI Utilities refinanced its short-term debt with payments of all receivables from NUI Corporation and with a $50 million term loan from a group of banks. The cost rate for the $50 million term loan is 7%, and Staff will address whether this is the appropriate cost rate in Issue 24.

Staff recommends further adjustments to the forecasted capital structure for NUI Utilities. Staff has included the $50 million in short-term debt in the forecasted capital structure, and Staff has included an updated trended equity amount based on the more current September 30, 2003 balance sheet. These adjustments update the forecasted balance sheet for NUI Utilities.

Staff did not make any specific adjustments to NUI Utilities capital structure to remove amounts for non-utility investment. Historically, in reconciling rate base and capital structure, the Commission has removed amounts for non-utility investments solely from common equity. This method discourages utilities from subsidizing higher risk non-utility investments with the generally low risk capital structure and cost of capital of the utility. Staff notes that City Gas's non-utility adjustment related to non-utility common plant, which is an allocation and is indistinguishable as a risk category from utility investment. NUI Utilities does have leased appliances in Florida and New Jersey as non-utility investments. Staff believes leased appliances are closely related to the regulated gas distribution business and may encourage customer retention. In previous cases with City Gas, an amount for leased appliances has not been removed specifically from common equity because the adjustment would have caused City Gas's equity ratio to be too low.

After Staff's adjustments, the resulting capital structure has the following investor capital ratios: 43.35% common equity, 47.55% long-term debt and 9.10% short-term debt. Staff believes this is a reasonable capital structure given that City Gas's equity ratio in its previous rate case was 43.38%. Additionally, the Commission's water and wastewater leverage formula is based upon an index of gas distribution companies and the average equity ratio for this group is 44.48%. (See Order No. PSC-03-0707-PAA-WS, in Docket No. 030006-WS, issued July 13, 2003, In Re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S., which was consummated by Order No. PSC-03-0799-CO-WS, issued July 8, 2003.)

ISSUE 24: What is the appropriate cost rate for short-term debt for the September 2004 projected test year?

RECOMMENDATION: The appropriate cost rate for short-term debt is 3.9%. (LESTER)

STAFF ANALYSIS: In its filing, City Gas proposed a short-term debt cost rate of 2.91% based on an amount of $5,646,606 for NUI Utilities. On November 24, 2003, NUI Utilities refinanced its short-term debt by receiving payments of receivables from NUI Corporation, its parent company, and with a $50 million term loan. The interest rate formula for the term loan is essentially the Euro Rate plus 5%. Currently, the interest rate for the term loan is 7.00%.

Under Issue 23, Staff noted that NUI Corporation has experienced financial losses and problems associated with its non-utility operations. These problems have had a negative impact on the creditworthiness of NUI Utilities.

Staff believes that, if NUI Utilities stood alone, its credit rating would be higher than its current rating. This would allow NUI Utilities to obtain the term loan with an interest rate lower than 7.00%. City Gas provided Staff with an analysis showing that a reasonable, arms-length interest rate for the term loan for City Gas would be 3.9%. Staff notes that the current prime rate is 4.0%. Staff believes the 3.9% is acceptable. This cost rate for short-term debt should help insulate City Gas's customers from the financial problems of NUI Corporation.

ISSUE 25: What is the appropriate cost rate for common equity to use in establishing City Gas's revenue requirement?

RECOMMENDATION: The appropriate cost rate for common equity is 11.25%, and the appropriate range is plus or minus 100 basis points. (LESTER)

STAFF ANALYSIS: In its filing, City Gas uses 11.25% as the cost rate for common equity ("rate of return on common equity" or "cost of equity" or "ROE"). The 11.25% is based on the testimony of Dr. Roger Morin, City Gas's cost of equity expert.

In his testimony, Dr. Morin emphasizes that he is treating City Gas's natural gas business as a separate stand-alone entity, distinct from both NUI Corporation and NUI Utilities, Inc. He notes that the cost of equity in this case should reflect the risk of City Gas's natural gas distribution operations in Florida and that NUI Corporation is the equity investor.

To estimate the cost of equity for City Gas, Dr. Morin employed three methodologies: the Capital Asset Pricing Model (CAPM), the risk premium model, and the Discounted Cash Flow model (DCF). He notes that using several approaches allows one to serve as a check on the others.

The CAPM requires three inputs: the risk-free rate of interest, the market risk premium (the return on the market as a whole above the risk-free rate), and beta, which is a statistic measuring risk that cannot be reduced by diversification. Dr. Morin uses 5.1% as the risk-free rate, which is the yield on long-term U.S. Treasury bonds for July 2003. The beta statistic is based on betas published in the Value Line Investment Survey for July 2003 for a proxy group of natural gas distribution companies.

For the market risk premium, Dr. Morin uses 7.4% based on the average of historical and prospective approaches. The historical market risk premium, 7.5%, is based on the return a broad market sample earned above returns on long-term Treasury bonds for the period 1926 to 2001. The prospective market risk premium, 7.2%, is based on a DCF analysis applied to Value Lines aggregate stock market index and growth forecast.

Using the inputs described above, Dr. Morin uses a "plain vanilla" CAPM to estimate a 10.6% cost of equity. He notes that financial literature supports the notion that betas below 1.0 underestimate the cost of equity. Adjusting for this using an expanded CAPM (ECAPM) analysis results in a 11.1% cost of equity estimate.

Risk premium approaches for estimating the cost of equity are based on adding a risk premium to a current cost rate for debt. The risk premium reflects the higher risk associated with equity investments compared with debt investments.

For his risk premium methodologies, Dr. Morin calculated historical risk premiums based on the actual return on equity for Moody's Natural Gas Distribution Index and either Treasury bond yields and A-rated utility bonds. The results are 11.1% using Treasury bonds and 11.8% using A-rated utility bonds.

Dr. Morin also examined historical risk premiums implied by ROEs allowed by regulatory commissions for the period 1994 through 2003. The results are 11.1% using Treasury bond yields and 11.3% using A-rated utility bonds.

The DCF method is based on the theory that the value of a security is the present value of future cash flows, such as dividends, associated with the security. The cost of equity is the discount rate used to reflect the present value of the cash flows. The components of a traditional DCF model are the dividend yield and the growth rate in dividends. The dividend yield is the dividend divided by the stock price.

Dr. Morin applied his DCF model to two proxy groups: a group of natural gas distribution companies and a group of investment-grade combination electric and gas utilities. He used growth rates based on earnings growth forecasted by Zacks Investment Research and by Value Line. The results are as follows:

DCF RESULTS	ROE
Natural Gas Distribution Zacks Growth	10.2%
Natural Gas Distribution Value Line Growth	12.1%
Combination Electric & Gas Zacks Growth	9.7%
Combination Electric & Gas Value Line Growth	10.3%

Dr. Morin includes flotation costs in all of his cost of equity estimates. He recommends that investors be compensated for flotation costs on an on-going basis. His recommended allowance is approximately 30 basis points and is based on a 5% adjustment to the dividend yield component of equity costs. The 5% consists of 4% for direct costs and 1% for market pressure.

The results of Dr. Morin's cost of equity studies are presented below:

STUDY	ROE
CAPM	10.6%
ECAPM	11.1%
Risk Premium Natural Gas T-Bonds	11.1%
Risk Premium Natural Gas A-rated Bonds	11.8%
Allowed Risk Premium T-Bonds	11.1%
Allowed Risk Premium A-rated Bonds	11.3%
DCF Natural Gas Zacks Growth	10.2%
DCF Natural Gas Value Line	12.1%
Combination Electric & Gas Zacks Growth	9.7%
Combination Electric & Gas Value Line Growth	10.3%

For these results, Dr. Morin notes that the average, the median, and the truncated mean are all very close to 11%. He believes 25 basis points should be added to the 11% since City Gas is smaller than the natural gas companies in his proxy groups. He notes that, as of the date of his testimony, NUI Utilities has an S & P bond rating of BBB and a Moody's bond rating of Ba1, which is below investment grade. Currently, S & P rates NUI Utilities BB, which is below investment grade. The difference in yields between BBB utility bonds and A-rated utility bonds is approximately 50 basis points. This might imply an adjustment of 50 basis points to allow for City Gas's lower bond rating and higher risk compared with the companies in the proxy groups. However, Dr. Morin believes only 25 basis points is necessary because City Gas operates in a favorable regulatory environment. Therefore, he concludes that 11.25% is the appropriate cost rate for common equity for City Gas.

Staff does not agree with all the methods and inputs that Dr. Morin used in his various studies. For example, for two of his risk premium studies, Dr. Morin relies upon historical earned returns and bond yields to calculate a risk premium. Staff believes the risk premium should be prospective and based on investors' required returns, which in turn are based on investors' expectations of risk and return. Also, Dr. Morin uses earnings growth in his DCF models. Staff believes some consideration of Value Lines' forecasted dividend growth rates is important.

Despite some disagreements with Dr. Morin about methodology and inputs, Staff believes the 11.25% is reasonable. City Gas is smaller than the companies in Dr. Morin's proxy groups. Unlike City, the natural gas companies in these groups tend to have considerable market power based on high residential heating loads. In contrast, City Gas is losing residential customers.

In the recent rate case for Peoples Gas System, the Commission approved a stipulation that set the cost rate for common equity at 11.25%. (See Order No. PSC-03-0038-FOF-GU, which was issued January 6, 2003.) Staff notes that City Gas is smaller than Peoples Gas System and, at 43.35%, has a lower equity ratio.

Staff cannot recall a gas or electric rate case where it agreed with the Company witness regarding the appropriate ROE. However, Staff believes, in deciding what to recommend, one should be open minded and not follow a simplistic rule of always adjusting a company's or a petitioner's proposed ROE. Staff should not adjust for the sake of adjusting. In this case, Staff believes City Gas's proposal, as presented by Dr. Morin, is reasonable. Therefore, Staff recommends an 11.25% cost rate for common equity. For all regulatory purposes, the 11.25% is the mid-point for rate setting and the appropriate range is plus or minus 100 basis points.

ISSUE 26: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?

RECOMMENDATION: The appropriate weighted average cost of capital is 7.36%. (LESTER, KENNY)

STAFF ANALYSIS: City Gas's proposed weighted average cost of capital is 8.10%. As noted in Issue 24, Staff adjusted the short-term debt cost rate. As noted in Issue 25, the appropriate cost rate for common equity is 11.25%.

Pursuant to Staff's recommended adjustments in Issue 21, the correct balance for deferred taxes is $12,041,405. Staff reconciled rate base to the capital structure by making specific adjustments and by prorating adjustments over investor sources of capital. With these adjustments and cost rates, the appropriate weighted average cost of capital for the projected test year is 7.36%. The recommended cost of capital is presented on Attachment 2.

NET OPERATING INCOME

ISSUE 27: Has City Gas properly removed Purchased Gas Adjustment Revenues, Expenses, and Taxes-Other from the projected test year?

RECOMMENDATION: No. The Cost of Gas Adjustment to Operating Revenues should be decreased from $31,127,076 to $30,972,215, an increase to Adjusted Revenues of $154,861. The fallout adjustment to Regulatory Assessment Fees from the increase in revenues is taken up in Issue 51. (C. ROMIG, KAPROTH, WINTERS)

STAFF ANALYSIS: On Schedule G-2, Page 1, the Company included total revenues of $100,523,466 and Operation and Maintenance (O&M) Gas Expense related to its PGA revenues of $30,972,214. It should have included revenues of $100,523,466 and O&M Gas Expense related to its PGA revenues of $30,818,123. In error, the Company included Regulatory Assessment Fees of $154,092 in its O&M Gas Expense ($30,972,214-($30,972,214/1.005)). The Company then removed $31,127,076 ($30,972,214/1.005) from its total revenues and from its O&M expenses and $154,861 ($30,972,214 x 0.005) from its Taxes Other Than Income.

Upon further examination and discussions with the Company, it was determined that the Company should have removed Purchased Gas Revenues of $30,972,215, Purchased Gas Costs of $30,818,124, and related Regulatory Assessment Fees of $154,861. Staff's corrections to the Company's adjustments result in a Staff adjustment increasing Revenues by $154,861. The fallout adjustment to increase Taxes Other Than Income Taxes is taken up in Issue 51.

The Company agrees with this adjustment.

ISSUE 28: Should an adjustment be made to correct Projected Total Operating revenues?

RECOMMENDATION: Yes. Projected Total Operating revenues should be decreased by $24,420. (WHEELER, SPRINGER, C. ROMIG)

STAFF ANALYSIS: Per MFR schedule G-2, Page 2, the Company shows adjusted revenue of $37,873,588. Staff has identified two adjustments to the Company's calculation of Projected Total Operating revenues: an upward adjustment of $52,935 to the projected revenues based on the projected billing determinants, and a downward adjustment of $77,355 to Other Operating Revenue for a net total downward adjustment of $24,420. Staff recommends that Projected Total Operating revenues be decreased by $24,420.

In reconciling the revenue per MFR schedule G-2 and MFR schedule H-1, Page 10, Staff determined that there was a discrepancy in the revenue amounts. Staff's calculation of projected total revenues based on the billing determinants results in an upward adjustment in revenues of $52,935. As discussed in Issue 57, Staff's calculation of projected revenues based on the projected billing determinants results in an increase in revenues of $31,589 to correct two errors in the Company's calculation. The remaining $21,346 increase was made to reconcile the remaining immaterial calculation difference between the two sets of MFR schedules. Staff's correction of the $31,589 error and the calculation difference of $21,346 results in an upward adjustment of $52,935.

In reconciling the Total Present Other Operating Revenue per MFR schedule H-1, Pages 1 and 6, Staff determined that there was an error in the Company's calculation. Staff's corrected calculation results in a decrease of $77,355. The combined $52,935 upward adjustment and the $77,355 downward adjustment to Other Operating Revenue results in a net downward adjustment of $24,420 to the Projected Total Operating revenues. The fallout adjustment to increase RAFs is discussed in Issue 51. The Company is in agreement with this adjustment.

ISSUE 29: Should test year revenues be increased to offset the amount that the Clewiston Pipeline Extension Project's (Pipeline or project) costs exceed its associated revenues, and, if so, what is the appropriate revenue adjustment?

RECOMMENDATION: Yes. Test year revenues should be increased by $280,288 to offset the amount that the Pipeline's costs exceed its associated revenues. (LINGO, STALLCUP)

STAFF ANALYSIS: The Company's last rate case was Docket No. 000768-GU, with a projected test year ended September 30, 2001. (See Order No. PSC-01-0316-PAA-GU, issued February 5, 2001, in Docket No. 000768-GU, In Re: Request for rate increase by City Gas Company of Florida.) In that rate case, the Company proposed to construct a natural gas pipeline in three phases from western Palm Beach to Fort Myers Shores, a distance of approximately 150 miles. The project is referred to as the Clewiston Pipeline Extension Project.

As discussed in the above-referenced order, the main reason the Company wanted to construct the Pipeline was the potential to provide service to several large citrus and sugar cane processors in the area. Those processors were not being served by natural gas, and the Company, based on its initial surveys, believed that there was enough interest in taking natural gas service by them, and several other larger commercial accounts, that the Pipeline project would be successful. The Company had no plans at that time to serve residential customers. The Company indicated that the project's annualized customer growth and therm sales associated with the Pipeline extension would increase its test year revenues by approximately $1.9 million. The Commission found that it was appropriate to reflect the first full year of the project's operations in calculating the final revenue requirement.

In the instant case, Company witness Jeff Householder testified that the Company began construction of the Pipeline in July 2001 with the intent of installing Phases I and II. Phase I of the distribution system was placed into service in November 2001. This portion of the Pipeline connects the Florida Gas Transmission West Palm Beach compressor station #21 to South Bay, representing 48 miles of main. At that time, the Company, citing economic downturns and high natural gas prices, decided that it would be imprudent to proceed with the construction of Phase II, and placed the remainder of the project on hold. Mr. Householder testified that: "As the economy rebounds and assuming gas prices stabilize, it may be prudent to explore further extension of the system. However, at this time it would not be a prudent investment to continue beyond the current service area." (p. 46)

As also discussed in Mr. Householder's testimony, "The general economic recession, unprecedented high gas prices, substantial volatility and uncertainty in gas pricing and economic downturns specific to a number of industries targeted for conversion (to natural gas) represent the primary factors for customers delaying their connections to the Pipeline." (p. 44) These circumstances create a situation in which the costs associated with the Pipeline project will exceed its revenues in the test year. In response to Staff's Third Set of Interrogatories, No. 36, the utility provided costs in excess of revenues for individual customers that the Company has requested be treated as proprietary business information. However, the Company has agreed that Staff may use the summary amount of costs in excess of revenues for the purpose of this issue. The Company has projected that the costs associated with the Pipeline will exceed its associated revenues by $280,288.

Staff believes that the Pipeline project, while approved in the last case, was based on projections that remain substantially unmaterialized. We believe these unmaterialized projections represent a business risk of the Company that is more appropriately borne by its stockholders, rather than by its ratepayers. Based on the foregoing, Staff recommends that test year revenues should be increased by $280,288 to offset the amount that the Pipeline's costs exceed its associated revenues.

ISSUE 30: Is City Gas's projected Total Operating Revenues of $37,873,588 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Total Operating Revenues for the projected test year is $38,284,317. (BRINKLEY, SPRINGER)

STAFF ANALYSIS: This is a calculation based upon the decisions made in Issues 27, 28, and 29.

ISSUE 31: Has the Company properly allocated expenses between regulated and non-regulated operations?

RECOMMENDATION: No. City Gas failed to allocate certain costs in its MFR's to non-utility operations. Operations and Maintenance Expense (O&M) should be reduced by $82,475 to remove non-utility expenses. (BRINKLEY)

STAFF ANALYSIS: Staff auditors in their testing of O&M expenses found invoices for costs which properly should have been allocated to non-utility operations but were not. Audit Staff listed these in their Audit Report as exceptions.

Because of difficulty getting supporting documents from the Company promptly, some samples were not able to be expanded as Staff wished. For this reason, Staff believes that the following adjustments do not capture every instance of the Company failing to allocate non-utility costs properly and should be viewed as conservative. Staff recommends that the following adjustments be made to remove non-utility costs from the Company's filing:

Account 921 - Office Supplies and Expense

Office Supplies and Expense contains 100% of the rent of the Ankron Plaza Warehouse at Port St. Lucie. According to the common plant study, 28% of the use of this facility is for non-utility operations and Staff believes that the rent should be allocated. The adjustment to allocate the rent and trend to the projected test year is a reduction of $6,496 to Account 921. This adjustment is addressed in Audit Exception No. 16. The Company agreed with this adjustment.

Account 931 - Rents

This account contains rent for the 74th Street warehouse. According to the common plant study, 23% of the use of this facility is for non-utility operations and Staff believes that the rent should be allocated in that percentage. The Company allocated only 16.2% of the rent through its Net Operating Income non-utility allocations. The adjustment to increase the non-utility allocation from 16.2% to 23% and trend for customer growth and inflation to the projected test year is a decrease of $8,109 to Account 931. The adjustment is addressed in Audit Exception No. 29.

Account 874 - Mains & Services

Mains and Services contains 100% of the costs associated with electricity to power three buildings which are shared and allocated to non-utility in various amounts. Since the buildings are partially used for non-utility purposes, the electricity should be allocated in the same rates as the buildings. After allocating 2002 current year costs and trending it at Staff's inflation and customer growth rates, the adjustment to allocate electricity costs to non-utility is a reduction of $19,730 to Account 874 - Mains & Service. This adjustment is addressed in Audit Exception No. 7.

Account 880 - Other Expenses

Other Expenses contains 100% of costs associated with maintenance of buildings shared by non-utility operations. The unallocated costs found include file storage, cleaning, garbage pickup, building security, and painting. Staff recommends that each of these costs be allocated to non-utility at the same rate as the buildings are. The dollar effect is a reduction to Account 880 - Other Expenses by $46,919. This adjustment is addressed in Audit Exception No. 9.

Account 921 - Office Supplies and Expense

Office Supplies and Expense in 2002 contains 100% of $1,633.84 in photocopy machine rental expenses for the Port St. Lucie/Vero office. Per Staff's review, $125.68 of this was an out-of-period payment. In Staff's review of non-utility allocations, 28% of this site is used for non-utility operations and therefore, 28% of the copy machine rental expenses should have been charged to non-utility operations. Staff recommends that $572 be removed from Account 921 to reflect the non-utility use of the copy machine and to remove the out-of-period payment. This includes trending for customer growth and inflation to 2004. This adjustment is addressed in Audit Exception No. 17.

Account 921 - Office Supplies and Expense

Office Supplies and Expense also contains 100% of the cost of a Minolta copier and a maintenance contract on a Minolta copier for use in the Rockledge office building. According to Staff's common plant study, 12% of the use of the building is for use by non-utility operations. To remove these non-utility expenses, Staff recommends reducing Account 921 by $649. This adjustment is addressed in Audit Exception No. 18.

In summary, City Gas failed to allocate certain costs in its MFR's to non-utility operations. For this reason, Operations and Maintenance Expense should be reduced by $82,475 to remove non-utility expenses.

ISSUE 32: Should an adjustment be made to Account 891, Maintenance of Measuring and Regulating Station Equipment - City Gate Check Stations for odorant costs?

RECOMMENDATION: Yes. Account 891 should be increased by $15,548 for odorant costs for the 2004 projected test year. A corresponding adjustment to reduce working capital allowance by $7,774 is also appropriate. (C. ROMIG)

STAFF ANALYSIS: In the Company's last rate case, the Company included odorant costs in excess of one year in its operating expenses. The Commission made an adjustment to odorant costs so that only one year of these costs was included in rates. In this proceeding, the Company neglected to include any odorant costs in the 2002 base year. Consistent with the findings of Order No. PSC-01-0316-PAA-GU, issued February 5, 2001, in Docket No. 000768-GU, Staff recommends an adjustment of $15,007 to increase odorant costs for the base year. Inflated for general inflation and customer growth, the 2003 amount is $15,329 ($15,007*1.021466) and the 2004 amount is $15,548 ($15,329*1.014288). A corresponding adjustment of $7,774, reducing working capital allowance and rate base is appropriate.

The Company is in agreement with this adjustment.

ISSUE 33: Should an adjustment be made to Account 903, Customer Records and Collections, for the projected test year?

RECOMMENDATION: Yes. Account 903, Customer Records and Collections, should be reduced by $117,831. (C. ROMIG, KAPROTH)

STAFF ANALYSIS: Account 903 includes costs from a division of NUI, Utility Business Service (UBS). Pursuant to Audit Exception No. 13, in 2003, City Gas estimated that UBS would charge City Gas $677,521 for billing and $219,253 for payment processing. The amounts to be charged to City Gas were based on an estimated rate per bill and an estimated number of bills to prepare as well as an estimated rate per receipt and an estimated number of payments that would be processed. The billing rate also contained a 14% profit margin. The payment processing rate contained a 7% profit margin.

Staff recalculated the UBS charges based on actual division costs and the actual number of bills and receipts for 2003 as contained in Audit Exception No. 13 inflated by 1.43% for customer growth and inflation. To these costs, Staff added an 8.1% profit margin, the Company's requested rate of return in this proceeding. Based on this approach, which recognizes an objective profit margin that Staff believes reasonable for this analysis, Staff calculates 2004 billing costs of $585,971 and 2004 payment processing costs of $192,971, or $778,943 in total. The difference between the amount included in the projected 2004 test year and Staff's calculation is $117,831 (($677,521 + $219,253) - $778,943).

Originally, in its response to the Staff Audit Report the Company originally disagreed with the adjustment and stated that:

> ... if the UBS margin is in line with market rates, there should be no disallowance. Having these services done by UBS is no different than if the services were being performed by another third party provider.

However, the Company has not provided the cost of having these services performed by a third party provider for Staff to review. For this reason, Staff believes that limiting the allowable cost to the direct cost plus its requested rate of return as its profit margin is conservative and supportable.

Based on the above analysis, Staff recommends that Account 903 be reduced by $117,831. This adjustment will recognize a profit margin on an affiliate transaction, but limit that profit margin to the return requested by the Company in this proceeding.

Subsequent discussions were held with the Company and the Company is now in agreement with this adjustment.

ISSUE 34: Should an adjustment be made to Account 904, Uncollectible Accounts, and for Bad Debt in the Revenue Expansion Factor?

RECOMMENDATION: Yes. Uncollectible Accounts should be reduced by $255,258 for the projected test year. The appropriate rate for Bad Debt in the Revenue Expansion Factor is 0.013103. (C. ROMIG, KAPROTH)

STAFF ANALYSIS: In its MFRs, the Company included Uncollectible Accounts of $1,200,000 for the historic base year 2002. For the year 2003, it projected the account for inflation and customer growth to increase by 2.48%, or $1,229,760 and for the year 2004, it projected the account for inflation and customer growth to increase by 2.32%, or $1,258,290.

For the historic base year 2002, net write-offs (bad debt write-offs less recoveries and adjustments) were $824,820. For year 2003, net write-offs were $1,070,343. On Page 13 of Witness Lopez's prefiled testimony, she says that, "The appropriate benchmark variance factor is 1.0983, reflecting the increase in the average number of customers and the increase in the average Consumer Price Index ("CPI") from the historical base year of City Gas's last rate case (1999) to the current case historical base year (2002)." Witness Lopez also states that the "bad debt expense was higher than the benchmark due in part to weakness in the economy, record high gas prices and a colder than normal winter."

In the Company's last rate case, the 1999 historic base year Uncollectible Accounts was $508,000. Applying the benchmark variance factor developed by the Company (1.0983) to the $508,000 results in the 2002 historical base year benchmark amount of $557,937, as compared to the 2002 historical amount of $1,200,000. The amount as filed, $1,200,000, is $642,063 over the benchmark amount ($1,200,000 less $557,937) in the historic test year.

In prior cases, the Commission has tested the reasonableness of the uncollectible accounts expense by calculating a four-year average of net write-offs to revenues, excluding off-system sales. In City Gas's last rate case, <u>In Re: Request for rate increase by City Gas Company of Florida</u>, Docket No. 000768-GU, Order No. PSC-01-0316-PAA-GU, issued February 5, 2001, this account was adjusted to reflect a four-year average of net write-offs as a percent of revenues, excluding off-system sales. A similar adjustment was made for interim purposes in this case. In City Gas's prior rate case, In Re: Application for rate increase by City Gas Company of Florida, Docket No. 960502-GU, Order No. PSC-96-1404-FOF-GU, issued November 20, 1996, this method was also used to test the reasonableness of Uncollectible Accounts, but no adjustment was made. Further, this method was used to test the reasonableness of Uncollectible Accounts in the Peoples Gas System's rate case. In Re: Petition for rate increase by Peoples Gas System, Docket No. 020384-GU, Order No. PSC-03-0038-FOF-GU, issued January 6, 2003, the Commission approved a similar adjustment to Uncollectible Accounts based on this test.

In this case, for years 2000 to 2003, the four-year average of net write-offs is $900,333 and the revenues, excluding off-system sales, is $68,262,455. Therefore, the four-year average of net write-offs to revenues, excluding off system sales is 1.3103%. Applying this rate to the 2004 projected revenues net of off-system sales of $75,403,816 results in $988,014 in projected Uncollectible Accounts for 2004 and Staff's recommended adjustment that decreases the projected test year amount for this account by $255,258 ($1,258,290 less $988,014 less $15,018 due to change in trend factors in Issue 46). This adjustment also reduces the bad debt component of the revenue expansion factor from 1.6716 to 1.3103.

It should also be noted that this adjustment is for rate making purposes only. For surveillance purposes, the Company's actual bad debt expense should be reported.

The Company is in agreement with this adjustment.

ISSUE 35: Should an adjustment be made to Account 913, Advertising Expense, for the projected test year?

RECOMMENDATION: Yes, an adjustment should be made to reduce Account 913, Advertising Expense by $210,000 for the projected test year. (C. ROMIG, BRINKLEY)

STAFF ANALYSIS: In his direct testimony, Mr. Abramovic describes the major reasons the Company is requesting a rate increase. One of the reasons described is the Company's inability to increase its customer base at the level that was projected in the Company's last rate case. Mr. Abramovic describes the reasons for this decline in growth to include the events of September 11, the general economic downturn, recent high gas prices, and increasing competition from alternative energy sources.

One of the ways in which the Company is addressing the customer growth issue is to reduce customer attrition. The Company has projected an increase of $210,000 in advertising expense for retention programs and customer communications. The Company believes that these programs will reduce customer attrition.

Staff believes, in general, that customers benefit by an increasing customer base. Customers can realize savings through economies of scale, and larger customer bases will help defray the cost of future plant projects. Staff also believes, in general, that the opposite is true. A reduction in the customer base means that there are fewer customers to spread the fixed costs over, resulting in higher rates. Based on this analysis, Staff believes that a program designed to increase customer growth (or decrease customer attrition) would benefit customers. However, the cost of a program of this type should not exceed the benefit or revenue associated with the increased customers.

Based on a response to Staff's data request, the Company did not include the effects of these programs to retain and increase customers in its projected test year billing determinants and, therefore, revenues. City Gas responded:

> The company anticipates that the undertaking of these initiatives will retard the rate of customer attrition, but the degree to which the projected revenues can be adjusted as a result of undertaking these initiatives would be purely speculative. Also, the desired effect on

> customer attrition would likely not take place as early as the projected test year. These programs will be developed and introduced during the projected test year, therefore the likelihood that they will impact customers that have already made a decision to leave the system is low. Only after analysis of actual experience over time will the company be able to surmise the degree to which these initiatives affected the projected customer losses. It is very difficult if not impossible to derive with any degree of confidence an absolute measure of the number of customers retained within any given period of time as the direct result of specific marketing initiatives, but there should be a measurable decrease in customer losses over an extended time frame, likely beyond the projected test year.

Staff agrees with the Company's analysis. However, Staff does not believe it is reasonable to burden the existing rate payers with an expense whose benefits are speculative and may not materialize. Staff believes that expenses associated with customer retention and growth programs should not be included in rates without the corresponding effects on revenues resulting from increased customer retention and growth. Further, Staff believes that these expenses should only be included to the extent that revenues equal or exceed the expense. For example, it would not be reasonable to allow an additional $500 of expense to generate an additional $100 of revenues; however, allowing an additional $100 of expense to generate an additional $500 of revenues would be reasonable.

Staff views two possible outcomes of the customer growth and retention programs; either the programs succeed or the programs fail. If the programs succeed, the Company will have increased its customer base and revenues in excess of the cost of the programs. If the programs fail, a prudent company would not continue to engage in these programs and would eliminate the expense associated with such programs. Including the customer growth and retention programs expense in rates without a corresponding benefit would not be beneficial to customers under either the "succeed" or "fail" scenario. Under the "succeed" scenario, the Company would increase its revenues and potentially overearn, since the increased revenues are not accounted for in setting rates. Under the "fail" scenario, the Company would either continue the failing programs since the cost of the programs would be recovered through rates or eliminate the programs (expense) and potentially overearn.

Staff believes that including the cost of these new customer growth and retention programs in rates is not appropriate in this case. As discussed above, a successful program will pay for itself. If the programs are unsuccessful, the Company will have the incentive to modify or eliminate the programs. Based on the above analysis, Staff believes that advertising expense should be reduced by $210,000 to remove the cost associated with customer retention and growth programs.

ISSUE 36: Should an adjustment be made to Account 912, Demonstration and Selling Expense, and Account 916, Miscellaneous Sales Expense, for the projected test year?

RECOMMENDATION: Yes, an adjustment should be made to reduce Account 912, Demonstration and Selling Expense, by $514,573 and reduce Account 916, Miscellaneous Sales Expense, by $33,191 for the projected test year. (C. ROMIG, WINTERS)

STAFF ANALYSIS: As discussed in Issue 35, City Gas included in its filing, expenses associated with a new marketing program designed to retain current customers and increase new customer connections. Although the Company has included expenses associated with increasing customer retention and new customer connections, the Company has not adjusted its projected revenues to reflect the increased customer retention and new customers as a result of these programs.

In Issue 35, Staff is recommending that the expense associated with the new marketing programs not be included in rates. Staff believes that the cost associated with the new marketing programs included in the Demonstration and Selling and the Miscellaneous Sales account should also be excluded for the reasons discussed in Issue 35. Staff reviewed the direct testimony of Mr. Householder, which outlines the programs the Company will be implementing. Staff believes that it is important to point out that this recommendation is not meant to determine whether these programs are appropriate; rather, this recommendation is based on the matching of cost and benefits to rate payers. As discussed previously, not including these programs' expenses in rates will be an incentive for the Company to make these programs successful and if these programs are successful, the additional revenue generated will cover the cost of the program.

Based on the above analysis and the analysis in Issue 35, Staff believes that the appropriate amount for the Demonstration and Selling expense and the Miscellaneous Sales expense account should be the adjusted historic payroll and other expense trended forward for the test year ending September 30, 2004. Staff believes this is appropriate since the Company's projected revenues are based on historic trends. By including the audited historic expense trended to September 30, 2004, the revenues and expenses are properly matched for the test year.

Staff increased the adjusted Demonstration and Selling Expense and the Miscellaneous Sales Expense by the appropriate trend factors and made the following adjustment to the projected test year ending September 30, 2004:

DEMONSTRATION AND SELLING EXPENSE

9/30/04 Expense	Per MFR	Historic Trended Per Staff	Adjustment
Payroll	$459,142	$311,313	($147,829)
Other	$416,247	$153,530	($262,717)
Total	$875,389	$464,843	($410,546)

MISCELLANEOUS SALES EXPENSE

Other	$75,784	$42,476	($33,308)

In addition to the adjustment above, Staff believes that an adjustment should be made to the amortization expense associated with deferred piping. The Company projected amortization of deferred piping expense of $328,740 in its MFRs. Staff reviewed the Company's deferred piping amortization schedule. According to the Company's schedule, the total deferred piping amortization expense for the year ending September 30, 2004, is $219,300. However, the Company's amortization schedule does not include deferred piping additions for the 12-month period ended September 30, 2004. In response to Staff's September 26, 2003, Question No. 18, the Company provided Staff with a revised deferred piping schedule. The Company estimated that additions to deferred piping would be $110,436 for the projected test year. Staff believes this projection is reasonable based on the Company's past deferred piping additions.

Staff calculated the deferred piping amortization expense by amortizing the additions over ten years and applying the half-year convention (consistent with prior amortization expense). Staff's calculated amortization expense for the additions in the projected test year is $5,522. Therefore, projected test year deferred piping amortization expense should be reduced by $103,918 ($219,300 + $5,522 - $328,740) to reflect Staff's calculated amortization expense.

In Issue 46, the trend rates for customer growth and inflation are recommended to be reduced. The effect of reducing the rates reduces Account 912 and 916 by $820 and $117, respectively, and should be offset from the adjustments above to avoid double counting.

Based on the above, Staff recommends that projected test year Demonstration and Selling Expense be reduced by $513,644 ($410,546 + $103,918 - $820) and projected test year Miscellaneous Sales Expense be reduced by $33,191 ($33,308 - $117).

ISSUE 37: Should an adjustment be made to Account 921, Office Supplies and Expenses, for miscellaneous expenses that were written off in the projected test year?

RECOMMENDATION: Yes. Account 921, Office Supplies and Expenses, should be reduced by $328,367 for the projected test year. (C. ROMIG, KAPROTH)

STAFF ANALYSIS: In its 2002 historic base year, the Company included costs of $314,691 in Account 921 related to Valley Cities Gas, an affiliate in Pennsylvania, and related to a lawsuit with City Gas's prior owner, Mr. Jack Langer. According to the Company, a receivable in this amount related to these issues sat on the books for several years and was written off to Account 921 in 2002, as recovery was no longer a possibility and therefore there was no future benefit to this amount.

Upon further inquiry, it was determined that the reason it was set up and the contents of the portion of the receivable related to the Valley Cities Gas were not known. However, according to the Company and as confirmed by its 2002 Annual Report to Stockholders, as of September 30, 2002, the Company classified Valley Cities Gas as one of it discontinued operations. Therefore, because the related costs are not recoverable, they were written off in September 2002 to Account 921.

The receivable related to the lawsuit was originally set up because the Company believed it could recover the costs related to the previous owner from its Directors and Officers' liability insurance policy. However, it was determined later that the insurance deductible exceeded the costs that could be recovered; hence, this receivable was also written off in September 2002 to Account 921.

According to recommendations in Issue 44 and 45, Account 921 should be trended on inflation only at 2.3% for 2003 and 2.0% for 2004. The 2002 amount of the written off loan trended to 2004 is $328,367 ($314,691 x 1.023 x 1.02).

Staff believes these amounts are nonrecurring and recommends that Account 921, Office Supplies and Expenses, be reduced by $328,367 for the projected test year.

The Company agrees with this adjustment.

ISSUE 38: Should an adjustment be made to Account 921, Office Supplies and Expenses, for Charitable Contributions?

RECOMMENDATION: Yes. Account 921, Office Supplies and Expenses, should be reduced by $35,633, for Charitable Contributions. (C. ROMIG)

STAFF ANALYSIS: On MFR Schedule G-2, Page 17 of 34, the Company included $1,919,741 in its Account 921, Office Supplies and Expense for the Base Year 2002. Pursuant to Audit Exception No. 19, it was determined that of that amount, $201,898 was an allocation from NUI that included Charitable Contributions of $34,149. It is more appropriate for Charitable Contributions to be borne by the stockholders, rather than the ratepayers. This position follows past Commission practice of placing Charitable Contributions below the line.

According to recommendations in Issue 44 and 45, Account 921 should be trended on inflation only at 2.3% for 2003 and 2.0% for 2004. The 2002 amount of charitable contributions trended to 2004 is $35,633 ($34,149 x 1.023 x 1.02).

The Company is in agreement with this adjustment.

ISSUE 39: Is City Gas's $(2,847) adjustment to Account 921, Office Supplies and Expenses, for American Gas Association membership dues appropriate?

RECOMMENDATION: No. Account 921, Office Supplies and Expenses, should be reduced by an additional $13,178 for American Gas Association membership dues related to charitable contributions and advertising that is not informational or educational in nature. (C. ROMIG)

STAFF ANALYSIS: On MFR Schedule G-2, Page 17 of 34, the Company included $1,966,495 in its Account 921, Office Supplies and Expense for the 2003 interim year. Included in this amount is $39,277 related to American Gas Association (AGA) membership dues. This was inflated for customer growth and general inflation of 1.0232 to $40,188. On MFR G-2, Page 2 of 34, it removed $2,847 that was labeled as "attributable to lobbying." This represents an adjustment of 7.08%.

In City Gas's last rate case, In re: Request for rate increase by City Gas Company of Florida, Docket No. 000768-GU, Order No. PSC-01-0316-PAA-GU, issued February 5, 2001, the Company removed $4,045 for AGA dues for lobbying. The Commission removed an additional combined amount of $4,970 for memberships, dues and contributions. In re: Application for a rate increase by City Gas Company of Florida, Docket No. 940276-GU, Order No. PSC-94-0957-FOF-GU, issued August 9, 1994, for interim purposes, the Commission disallowed 40% of AGA dues. This order stated that the percentage was based on the 1993 National Association of Regulatory Commission's (NARUC) Audit Report on the Expenditures of the American Gas Association (Audit Report). Order No. PSC-94-0957-FOF-GU further stated that this reduction was consistent with adjustments made in rate cases involving other gas companies. In the final order in Docket No. 940276-GU, Order No. PSC-94-1570-FOF-GU, issued December 19, 1994, the Commission removed 40.48% of AGA dues "which were related to lobbying and advertising that did not meet the criteria of being informational or educational in nature." In re: Request for rate increase by Florida Division of Chesapeake Utilities Corporation, Docket No. 000108-GU, Order No. PSC-00-2263-FOF-GU, issued November 28, 2000, the Commission removed 45.10% of AGA dues.

The latest NARUC Audit Report on AGA expenditures that Staff was able to locate is dated June, 2001, for the twelve-month period ended December 31, 1999. By a review of the Summary of Expenses, it appears that 41.65% of 1999 AGA expenditures are for lobbying and advertising. Staff has not been able to locate a more recent NARUC Audit Report of the AGA expenditures. However, because approximately 40% appears to have been consistent over a number of years, Staff believes it is not unreasonable to assume that 40% is representative of 2003 and 2004 expenditures and recommends that 40% of AGA dues be disallowed in this proceeding.

From information supplied by the Company, AGA dues were $39,277 in 2003. According to recommendations in Issue 44 and 45, Account 921 should be trended on inflation only at 2.0% for 2004. On that basis the 2004 amount is $40,063 ($39,277 x 1.02). Disallowing 40% would result in disallowing $16,025 for 2004. The Company's $2,847 adjustment reduces Staff's adjustment to $13,178 ($16,025 - $2,847) for 2004. This position follows past Commission practice of placing charitable contributions and advertising that is not informational or educational in nature below the line.

Based on the above analysis, Account 921, Office Supplies and Expenses, should be reduced by an additional $13,178 for AGA membership dues related to charitable contributions and advertising that is not informational or educational in nature.

The Company is in agreement with this adjustment.

ISSUE 40: This issue has been dropped.

ISSUE 41: Should an adjustment be made to Account 925, Injuries and Damages, for the projected test year?

RECOMMENDATION: Yes, Account 925, Injuries and Damages, should be reduced by $336,952. (C. ROMIG)

STAFF ANALYSIS: In the Company's filing, the Company projected Injuries and Damages (insurance) expense of $1,244,650. Pursuant to Audit Exception No. 27, NUI's projected insurance budget is $5,722,774. Prior to the 2004 projected test year, NUI allocated all insurance cost using the three-factor method. For the 2004 projected test year, NUI reviewed each policy and determined a different allocation method for each policy in order to allocate the "direct cost" associated with policy's coverage. Any cost that could not be directly allocated was allocated based on the three-factor method. Staff reviewed the allocation methodology for the different classes of insurance policies and believes the allocation methods are reasonable.

Of the budgeted $5,722,774 of insurance expense for NUI, NUI allocated $5,394,490 directly to its business units. City Gas's portion of direct allocation is $839,743. The remaining $328,284 of NUI's budgeted insurance expense was allocated using the three-factor method. Under the three-factor method, City Gas's allocation is 20.7% or $67,955. Therefore, the appropriate amount of insurance expense for City Gas is $907,698 ($839,743 + $67,955).

Staff recommends that insurance expense for the projected test year ending September 30, 2004, be decreased by $336,952 ($1,244,650 - $907,698) to reflect the appropriate amount of budgeted insurance expense allocated to City Gas.

The Company agrees with this adjustment.

ISSUE 42: Should an adjustment be made to Account 926, Employee Benefits, for the projected test year?

RECOMMENDATION: Yes. Account 926 - Employee Benefits should be reduced by $50,960 to reflect the removal of a duplicate expense. (BRINKLEY)

STAFF ANALYSIS: Pursuant to Audit Exception 28, Staff determined that $50,960 was trended for post-retirement medical benefits based on 2002 amounts in a subaccount to Account 926. In reviewing supporting documentation for the preliminary budget for Pension and Stock Grants, another subaccount to Account 926, Staff found that post-retirement medical benefits were allocated again. Staff recommends that Account 926 be reduced by $50,960 to remove the duplicative amount.

City Gas agrees with this adjustment.

ISSUE 43: Should an adjustment be made to Account 928, Regulatory Commission Expense, for Rate Case Expense for the projected test year and what is the appropriate amortization period?

RECOMMENDATION: Yes. Account 928, Regulatory Commission Expense, should be decreased by $5,671, from $165,090 to $159,419; the appropriate rate case expense amortization period is three years; and the appropriate amount of rate case expense from the prior case and this proceeding is $478,256 to be amortized beginning February, 2004. (C. ROMIG, KAPROTH)

STAFF ANALYSIS: According to the Company's MFRs, the Company projected rate case expense of $425,000 for this proceeding. In Order No. PSC-01-0316-PAA-GU, issued February 5, 2001, in Docket No. 000768-GU, In Re: Request for rate increase by City Gas Company of Florida, p. 19, the Commission approved rate case expense of $339,905 to be amortized over a period of four years. The rate case expense approved in Order No. PSC-01-0316-PAA-GU, has not been fully amortized.

As outlined in the pre-filed testimony of witness Lopez, the Company requested that the current estimated rate case expense plus the unamortized balance of rate case expense from the prior rate case be amortized over a period of three years. Staff believes that three years is a reasonable time period to recover rate case expense. Although the Commission approved a four-year amortization period in the Company's prior rate case, one of the reasons cited for the period was the length of time between the Company's last rate case and the rate case processed under Docket No. 000768-GU. The time period between the filing of the current rate case and the prior rate case is three years.

The Company included projected annual rate case amortization expense of $165,090 for 2004. However, the calculation of this amount was not consistent with the testimony of witness Lopez. In its calculation, the Company included the continued annual rate case amortization expense from the prior rate case plus the current rate case expense amortized over four years (rather than three) for a 9-month period. After discussing the calculation with the Company, Staff determined that the calculation included in the MFRs was in error.

The Company provided Staff with an updated estimate of rate case expense based on actual expense to date. The documentation supplied by City Gas has been reviewed. Staff decreased the estimated rate case expense by $45,521 for salaries and wages already included in O&M Expenses. Staff also increased rate case expense by $6,707, which relates primarily to underestimated costs of noticing. The remaining $386,186 of expenses incurred by the Company appear to be reasonable and prudent. Staff has calculated amortization of rate case expense as follows:

Prior Rate Case Expense (PSC-01-0316-PAA-GU)	$339,905
Monthly Amortization	$7,081
Accumulated Amortization (March 01 - Jan. 04)	$247,835
Remaining Balance from Prior Case	$92,070
+ Current Rate Case Expense	$386,186
= Total Rate Case Expense to be Amortized	$478,256
÷ Amortization Period	3 years
= Annual Amortization Expense	$159,419

Staff calculated the remaining balance from the prior rate case using the monthly amortization times the number of months until the estimated date that the new rates in this case will become effective (February 2004). Amortizing the above balance by four years results in an annual expense of $119,564. The $39,855 difference in amortization expense as a result of using different amortization periods represents approximately 0.15% of O&M expense. Staff does not believe this difference is material. Projected test year rate case expense should be decreased by $5,671, i.e., 0.15%, to reflect the annual rate case expense amortization calculated above.

Based on the above, Staff recommends that: the appropriate amount of rate case expense is $478,056 to be amortized beginning February, 2004; the appropriate rate case expense amortization period is three years; and the appropriate amount to include in Account 926, Regulatory Commission Expense is $159,419.

The Company is in agreement with this adjustment.

ISSUE 44: Are the trend rates used by City Gas to calculate projected O&M expenses appropriate?

RECOMMENDATION: No. The customer growth rates contained in MFR Schedule G-2, page 12 of 34, of 0.18% for fiscal year 2003 and 0.12% for fiscal year 2004 are not appropriate. The appropriate customer growth rates are -0.15% for fiscal year 2003 and -0.56% for fiscal year 2004. In addition, for the projected test year, the Commission should use 2.0% for the general inflation rate instead of the 2.2% proposed by City. Staff recommends that the Commission accept City Gas's payroll trend rates. (STALLCUP, LESTER, BRINKLEY)

STAFF ANALYSIS: As discussed in Issue 2, in response to a Staff request for a production of documents, the Company provided historic data containing actual customer count data by rate class for the period October 1996 and September 2003. Based upon this data, the actual number of customers served by the Company in fiscal year 2003 was 0.15% fewer than in fiscal year 2002. Therefore, Staff recommends that the appropriate customer growth trend factor for fiscal year 2003 is -0.15%. Also, as discussed in Issue 2, Staff recommends that the customer projections presented in MFR Schedule G-2, pages 6 through 11, be approved. This schedule indicates that the Company projects a -0.56% growth rate for the 2004 fiscal year. Therefore Staff recommends that the appropriate customer growth rate trend factor for fiscal year 2004 is -0.56%.

Regarding the general inflation rate, City Gas used 2.2% for the projected test year. This is the percentage change in the Consumer Price Index (CPI) for 2004 as forecasted by the Congressional Budget Office. This forecast was published on January 29, 2003.

Staff notes that the October 1, 2003 Blue Chip Financial Forecast projects the percentage change in the CPI to be 2.0% for the four quarters of City Gas's projected test year. Staff believes the 2.0% general inflation rate is appropriate because it is more current and matches to the projected test year.

City Gas's payroll trend rated for the test year is 4.0%. Staff recommends that this rate is reasonable.

ISSUE 45: Has City Gas used the appropriate trend basis for each O&M account?

RECOMMENDATION: No. The customer growth factor should not be applied to the "other" expense portions of O&M Account Nos. 886, 921, 923, 926, 930.2, 931. (BRINKLEY)

STAFF ANALYSIS: In its filing, the Company utilized three different trend factors in its calculation of the projected test year ended September 30, 2004. The three factors the Company used were a payroll rate increase, general inflation rate, and customer growth rate. For items the Company expected significant differences from the trend factors, the Company projected expenses based on its preliminary budget or actual expense for the 12-month period ending May 31, 2003.

The Company separated each of its O&M expenses into payroll expenses and other expenses. For items that were not trended using the preliminary budget or the 12-month period ending May 31, 2003, the Company applied the payroll rate increase factor to the payroll accounts and the inflation and customer growth factor rate to the other accounts. Staff has reviewed all the accounts that were trended using the three different factors discussed above. Staff believes that the following other accounts should not include the customer growth factor.

Account No. 886 is used to record the maintenance of structures and improvements. Staff does not believe that customer growth would impact the maintenance of a building, which would be a typical expense in this account. Maintenance of the distribution system would be impacted by customer growth; however, maintenance related to the distribution system is not included in this account.

Staff believes that Account No. 921 - Office Supplies, 923 - Outside Services, 926 - Employee Benefits, and 930.2 - Miscellaneous Expense should not include an increase for the customer growth factor. These expenses are recorded under the Administrative and General Expense title, and are associated with the supplies and services for internal use. Staff does not believe that these expenses would be impacted by customer growth. Similar expenses related directly to customers are recorded under the Customer Accounts and Collection Expense title.

Based on the above, the customer growth factor should not be applied to the Other expense portions of O&M Account Nos. 886, 921, 923, 926, 930.2, 931.

ISSUE 46: Should the projected test year O&M expense be adjusted for the effect of any changes to trend rates or bases?

RECOMMENDATION: Yes. Notwithstanding specific adjustments to O&M expense accounts in earlier issues, O&M should be reduced an additional $59,750 as a result of lowering the inflation and customer growth rates, changing the trend bases on select accounts, and recalculating the application of compound rates to be consistent with the Commission methodology used in prior gas rate cases. (BRINKLEY)

STAFF ANALYSIS: Total O&M expenses will be reduced $59,750 if the recommendations in the following paragraphs are approved. This dollar amount represents the difference in the Company's filed 2004 O&M expense and Staff's recommended 2004 O&M expense after taking into account the simultaneous change in rates, bases, and the methodology of calculating compound rates.

Issue 44 recommends lowering the inflation and customer growth rates. Briefly, in that issue Staff recommends lowering the inflation rate assumption for 2004 from 2.2% to 2.0% and lowering the 2003 and 2004 customer growth rates from 0.18% to -0.15% and 0.12% to -0.56%, respectively. By itself, changing the trend rates has the greatest effect on O&M expense projections.

Certain accounts used forecasted customer growth rates as well as forecasted inflation rates to project 2004 balances. Issue 45 recommends excluding the customer growth rate as a basis for projecting some of these account balances. The effect of changing the bases of the accounts has a modest effect on total O&M expense.

In setting up its O&M trend schedules, for those accounts where inflation and customer growth were used to project 2004 expenses, the Company applied the rates additively rather than multiplicatively as is the Commission's practice. For example, in their filing, 2003 accounts that were based on compound rates of customer growth and inflation were trended 2.4800% (2.3% for inflation plus 0.18% for customer growth). If done according to Commission practice, the accounts would be trended 2.4841% (2.3% X 0.18%). Calculating rates multiplicatively offers a modest increase to total O&M expenses.

ISSUE 47: Is City Gas's O&M Expense of $24,068,151 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of O&M Expense for the projected test year is $22,040,803. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in the preceding issues.

ISSUE 48: Should an adjustment be made to projected Depreciation Expense for non-utility depreciation that was incorrectly removed?

RECOMMENDATION: Yes. The projected test year Depreciation Expense should be increased by $115,860 to correct the error. (GARDNER)

STAFF ANALYSIS: During Staff's review, it was determined that the Company made an error when removing an allocation for non-utility depreciation expense. The Company inadvertently removed $115,860 from the Projected Per Books Depreciation Expense for the non-utility plant related to the Appliance Business. To correct the error Staff increased per book depreciation expense and Accumulated Depreciation - Plant-in-Service by $115,860 to reverse the second reduction made for the Appliance Business.

ISSUE 49: What adjustments, if any, should be made to the depreciation expense to reflect the Commission's decision in Docket No. 030222-GU?

RECOMMENDATION: The appropriate adjustment for depreciation expense to reflect the Commission's decision in Docket No. 030222-GU should be a reduction of $243,449. (GARDNER)

STAFF ANALYSIS: City Gas projected test year depreciation expense was recalculated using the new depreciation rates approved by the Commission in Docket No. 030222-GU, In re: Request for approval of change in depreciation rates to be implemented as of 10/1/03, by City Gas Company of Florida. The impact of the new depreciation rates to the test year was a reduction by $243,449 to depreciation expense and $121,725 to accumulated depreciation.

ISSUE 50: Is City Gas's Depreciation and Amortization Expense of $8,395,317 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Depreciation and Amortization Expense for the projected test year is $7,937,786. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in Issues 4, 6, 7, 9, 48, 49.

ISSUE 51: Is City Gas's Taxes Other Than Income of $2,216,926 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Taxes Other Than Income is $2,298,239, an increase of $81,313. (WINTERS)

STAFF ANALYSIS: Per MFR Schedule G-2, Page 1 of 34, the Company proposes Taxes Other Than Income of $2,216,926 for year 2004, as follows:

	Per Books	Company Adjustments	Company Adjusted	Staff Adjustment	As Adjusted By Staff
Payroll Taxes	$ 676,114		676,114	(98,590)	577,524
RAFs	357,163	(170,474)	186,689	20,405	207,094
Property Tax	1,287,888	(21,646)	1,266,242	159,498	1,425,740
Use Tax	88,961		88,961	0	88,961
Sales Tax Disc	(1,080)		(1,080)	0	(1,080)
TOTAL	$ 2,409,046	192,120	2,216,926	81,313	2,298,239

The Company projected 2004 Regulatory Assessment Fees (RAF) of $186,689. To calculate this amount, the Company incorrectly removed municipal utility tax, sales taxes and surtaxes from the Revenue tax basis, as well as the taxes related to Off-System Sales, Conservation Cost Expenses and Purchased Gas Adjustment (PGA) Revenues. The municipal utility tax, sales taxes, and surtaxes should not have been removed from the RAF tax basis as these taxes were not included in revenues. In addition, Conservation Revenues should have been removed instead of Conservation Expenses. Staff recalculated the RAFs by applying the RAF rate of 0.005 to the Company's Total Revenue less Off-System Sales Revenues, PGA Revenues, and Conservation Revenues, resulting in RAFs of $205,815, a $19,126 increase to the Company requested amount of $186,689.

In addition, revenues were increased by $280,288 in Issue 29 and revenues were decreased by a net amount of $24,420 in Issue 28. The impact of these adjustments to revenues is to increase RAFs an additional $1,279; therefore, Staff recommends increasing RAFs by a total amount of $20,405.

The Company projected 2004 Property Tax of $1,287,888 prior to its ($21,646) adjustment for non-utility taxes, resulting in the proposed amount of $1,266,242. In preparation of its response to a Staff inquiry, the Company determined that it had neglected to include one month of property taxes in its 2004 projections. After further examination by Staff, it was determined that the Company had also calculated an incorrect millage rate for 2003 and applied it to 2004. In response to another Staff inquiry, the Company provided actual operating results for the fiscal year ended September 30, 2003. Staff's review indicated property taxes of $1,423,549 for 2003. To this, Staff applied the 2% general inflation factor, resulting in projected 2004 property taxes of $1,452,020, an increase of $164,132 prior to adjustments to remove property taxes related to the appliance assets. The Company adjusted out $21,646 (or 1.68%) on Schedule G-2, Page 3, to remove appliance business property tax. Staff recalculated the percentage to remove as 1.75% by dividing $1,251,414 of net non-utility common plant allocated out by the Company's revised property tax basis of $71,592,632. Staff applied this percentage to the recalculated property taxes of $1,452,020, and adjusted out $25,410 to remove appliance business property tax. This results in a net increase to property taxes of $160,368 ($164,132 - 25,410 + 21,646).

Additionally, in Issue 4, Staff reduced Plant in Service by $144,925 to reflect inactive service lines that have been inactive for five years or more. The tangible property tax rate on these service lines was 0.6%. Therefore, Staff recommends further reducing property taxes by $870. The result of this adjustment and the adjustment discussed in the previous paragraph is Staff recommended property taxes of $1,425,740, an increase of $159,498 to the Company requested amount of $1,266,242.

On Schedule G-7, Page 2, the Company calculated projected payroll taxes of $676,114 using an eight percent effective rate and a payroll tax basis of $8,451,425. The $8,451,425 was actually backed into by extracting the payroll taxes from individual responsibility centers and dividing them by the eight percent rate. Pursuant to Audit Exception 30, further analysis, and discussions with the Company, it was determined that the actual payroll tax basis was less than the $8,451,425 because the Company had allocated $1,073,947 of payroll and other costs, including payroll taxes, out to Elizabethtown Gas. The $1,073,947 consisted of payroll of $913,515 and other costs of $160,432, so that the payroll taxes associated with the $913,515 of payroll was removed twice: once when the payroll taxes were allocated from Taxes Other Than Income to Account 903 with the payroll allocated to that account and again when the payroll, payroll taxes, and other benefits were allocated to Elizabethtown. To match the payroll taxes with the payroll included in O&M expense, Staff used the 2004 projected payroll shown on Schedule G-2, Page 19, of $6,305,531 and increased it by $913,515, to $7,219,046 to calculate a corrected payroll tax basis. Payroll taxes of eight percent were then calculated on the $7,219,046, a total of $577,524. Therefore, Staff recommends Payroll Taxes of $577,524, a $98,590 decrease to the Company requested amount of $676,114. The Company agrees with this adjustment.

In summary, based on the above adjustments, Taxes Other Than Income should be decreased by $98,590 for payroll taxes, increased by $20,405 for RAFs, and increased by $159,498 for property taxes, resulting in a net increase of $81,313 and a net amount of Taxes Other Than Income of $2,298,239.

ISSUE 52: Is City Gas's Income Tax Expense of $(403,763), which includes current and deferred income taxes and interest reconciliation, for the projected test year appropriate?

RECOMMENDATION: No. The appropriate income tax expense, including current taxes, deferred income taxes, and interest reconciliation is $707,170. (KENNY)

STAFF ANALYSIS: The Company proposes to include ($403,763) of income tax expense for its 2004 projected test year. However, Staff's adjustments to revenues and expenses increases tax expense by $1,059,024. Staff's adjustments to the Company's capital structure and rate base results in an increase of $51,909 to the interest reconciliation adjustment. The net result of these adjustments is an increase of $1,110,933 to income tax expense. Therefore, the appropriate amount of income tax expense, including current taxes, deferred income taxes, and interest reconciliation is $707,170.

ISSUE 53: Is City Gas's projected Total Operating Expenses of $34,276,631 appropriate?

RECOMMENDATION: No. The appropriate amount of Total Operating Expenses for the projected test year is $32,983,985. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in the preceding issues.

ISSUE 54: Is City Gas's projected Net Operating Income of $3,596,957 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate amount of Net Operating Income for the projected test year is $5,300,332. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in the preceding issues.

REVENUE REQUIREMENTS

ISSUE 55: What is the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for City Gas?

RECOMMENDATION: The appropriate Revenue Expansion Factor is 0.612409, and the appropriate Net Operating Income Multiplier is 1.6329. (C. ROMIG, KENNY)

STAFF ANALYSIS: The Company calculated a Revenue Expansion Factor of 0.610156 and a Net Operating Income Multiplier of 1.6389. Staff calculates a revenue expansion factor of 0.612409 and a net operating income multiplier of 1.6329. The only difference between the Company's calculation and Staff's calculation is the Bad Debt Factor, which the Company included at 1.6716% and Staff included at 1.3103%. The development of Staff's Bad Debt Factor is discussed in detail in Issue 34. The Company is in agreement with this adjustment.

The Company's and Staff's calculations are on Attachment 5.

ISSUE 56: Is City Gas's requested annual operating revenue increase of $10,489,305 for the projected test year appropriate?

RECOMMENDATION: No. The appropriate annual operating revenue increase for the projected test year is $5,756,404. (BRINKLEY)

STAFF ANALYSIS: This is a calculation based upon the decisions made in the preceding issues.

COST OF SERVICE AND RATE DESIGN

ISSUE 57: Are City Gas's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate?

RECOMMENDATION: No. The adjustment to correct estimated sales of gas by rate class at present rates for the projected test year is addressed in Issue 28. (SPRINGER, WHEELER)

STAFF ANALYSIS: Per MFR H-1, Page 10, the Company shows present revenue from sales of gas for the projected test year of $36,957,273. Staff's calculation of projected revenues based on the projected billing determinants results in a total of $36,988,862, an increase in revenues of $31,589 over what the Company filed. This difference was due to two errors in the Company's calculation. Specifically, adjustments were made to the estimated revenues for the GS-120K and GS-250K rate schedules in the amounts of $33,684 and $(2,095) respectively. With these adjustments, City Gas has accurately applied the tariffed rates to the billing determinants for the test year.

ISSUE 58: What is the appropriate cost of service methodology to be used in allocating costs to the rate classes?

RECOMMENDATION: The appropriate methodology is Staff's cost of service methodology adjusted for adjustments made to rate base, operation and maintenance expense, and net operating income. (WHEELER, SPRINGER)

STAFF ANALYSIS: 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 No. 6, pages 1-16. The study reflects Staff's recommended adjustments to rate base, operations and maintenance expense, net operating income and projected test year base rate revenues.

ISSUE 59: What are the appropriate Customer Charges?

RECOMMENDATION: Staff's recommended customer charges are as follows:

Rate Class	Staff Recommended Customer Charge
GS-1	$8.00
GS-100	$9.50
GS-220	$11.00
GS-600	$12.00
GS-1,200	$15.00
GS-6,000	$30.00
GS-25K	$80.00
GS-60K	$150.00
GS-120K	$250.00
GS-250K	$300.00
GS-1,250K	$500.00
Gas Lighting	N/A
Natural Gas Vehicles	$15.00
Contract Demand	$400.00

(WHEELER)

STAFF ANALYSIS: The customer charge is a fixed charge that applies to each customer's bill, no matter the quantity of gas used for the month. The customer charge is typically designed to recover costs such as metering and billing that are incurred no matter whether any gas is consumed.

Staff's recommended customer charges are contained in the table below. The table also shows the existing customer charges and the company-proposed charges.

Rate Class	Present Residential Charge	Present Commercial Charge	Company Proposed Charge	Staff Recommended Charge
GS-1	$7.50	$20.00	$9.25	$8.00
GS-100	$7.50	$20.00	$12.00	$9.50
GS-220	$7.50	$20.00	$15.00	$11.00
GS-600	$7.50	$20.00	$20.00	$12.00
GS-1,200	$7.50	$20.00	$25.00	$15.00
GS-6,000	-	$20.00	$33.00	$30.00
GS-25K	-	$20.00	$130.00	$80.00
GS-60K	-	$20.00	$185.00	$150.00
GS-120K	-	$50.00	$300.00	$250.00
GS-250K	-	$100.00	$500.00	$300.00
GS-1,250K	-	$250.00	$800.00	$500.00
Gas Lighting	N/A	N/A	N/A	N/A
Natural Gas Vehicles	-	$15.00	$15.00	$15.00
Contract Demand	-	$400.00	$400.00	$400.00

As addressed in other issues in this recommendation, the Company has proposed to restructure its rates so that customers are grouped into rate classes based on their annual therm usage, without regard to end use. As a result, under the Company's proposal, residential customers will take service under one of five new rate classes based on their annual therm use. As shown in the second column, all residential customers currently pay a customer charge of $7.50. Under the recommended rates, residential customers will pay one of five customer charges that range from $8.00 to $15.00, depending on their annual therm usage. The third column shows the current customer charges paid by commercial customers.

As shown in the table, Staff is recommending customer charges that are generally lower than what the Company has requested. This was due in part to Staff's concern that large increases in the customer charge would result in large percentage increases in some bills, particularly for low-use residential and small commercial customers. Staff's recommended charges are also based on the customer costs developed in the cost of service study. Staff believes that the recommended charges are reasonable, and should be approved.

ISSUE 60: What are the appropriate per therm Distribution Charges?

RECOMMENDATION: Staff's recommended per therm Distribution Charges are contained in Attachment 7, pages 1-4. (WHEELER)

STAFF ANALYSIS: Staff's recommended per therm Distribution Charges are contained in Attachment 7, pages 1-4. These charges are subject to change based on the Commission's vote in other issues, and to correct a slight discrepancy between the increase rates were designed to recover and the Staff recommended increase. See Issue 63.

ISSUE 61: What is the appropriate Demand Charge?

RECOMMENDATION: The appropriate demand charge is $0.314 per Demand Charge Quantity. Staff's development of the recommended demand charge is shown in Attachment 8 and discussed in Issue 67. (DRAPER, MAKIN)

STAFF ANALYSIS: The appropriate demand charge is $0.314 per Demand Charge Quantity. Staff's development of the recommended demand charge is shown in Attachment 8 and discussed in Issue 67.

ISSUE 62: What are the appropriate Miscellaneous Service Charges?

RECOMMENDATION: Staff's recommended Miscellaneous Service Charges are shown below:

Type of Miscellaneous Charge	Staff-Recommended Charge
Residential Connect	$50.00
Non-Residential Connect	$110.00
Residential Reconnect after non-payment	$37.00
Non-Residential Reconnect after non-payment	$80.00
Change of Account	$20.00
Customer Requested Temporary Disconnection	See Issue 74.
Bill Collection in lieu of Disconnection	$20.00
Late Payment Charge	Greater of $5.00 or 1.5%
Returned Check Charge	Greater of $25.00 or 5%
Copy of Tariff	This charge should be eliminated.

(BAXTER, WHEELER)

STAFF ANALYSIS: This issue addresses the miscellaneous service charges that are assessed for various activities such as initial requests for service and late payment charges. Staff has reviewed the MFR data submitted that describe and develop the costs for each of these activities, and has obtained additional information from the Company on how their proposed charges were developed.

The table below shows City Gas's present charges, the charges it has proposed, and Staff's recommended charges. The Company's proposed temporary disconnect charge is addressed in Issue 74.

Type of Miscellaneous Charge	Present Charge	Company-Proposed Charge	Staff-Recommended Charge
Residential Connect	$30.00	$50.00	$50.00
Non-residential Connect	$60.00	$110.00	$110.00
Residential Reconnect after non-payment	$30.00	$50.00	$37.00
Non-Residential Reconnect after non-payment	$60.00	$170.00	$80.00
Change of Account	$20.00	$20.00	$20.00
Customer Requested Temporary Disconnection	Proposed new charge	$20.00	See Issue 74.
Bill Collection in lieu of Disconnection	$15.00	$20.00	$20.00
Late Payment Charge	1.5%	> of $5.00 or 1.5%	> of $5.00 or 1.5%
Returned Check Charge	> of $25.00 or 5%	> of $25.00 or 5%	> of $25.00 or 5%
Copy of Tariff	$25.00	$25.00	This charge should be eliminated.

Staff is recommending charges that differ from the company-proposed charges for the Residential Reconnect After Disconnect for Non-payment and the Non-Residential Reconnect after Disconnect for Non-payment charges.

The Company has proposed a charge of $50.00 for residential customers who are reconnected following disconnect for cause. Staff recommends a charge of $37.00. This reduction of $13.00 reflects the cost of a new regulator that City Gas included in its proposed charge. City Gas indicated that when a customer is disconnected for non-payment, the regulator is removed and cannot be reused, thus requiring the installation of a new one when service is restored. It is Staff's understanding, based on discussions with Commission safety engineers, that this is not always the case. While the regulator is sometimes removed in such situations, there is no safety or other reason why the removed regulator cannot be returned to inventory and reused. Staff therefore believes that it is not appropriate to include the charge for a new regulator in the residential reconnect fee.

The Company has proposed a charge of $170.00 for non-residential customers who are reconnected following disconnect for cause. Staff recommends a charge of $80.00. This reduction of $90.00 reflects the cost of a new regulator that City Gas included in its proposed charge. For the same reasons discussed above for the Residential Reconnect charge, Staff believes that it is not appropriate to include the charge for a new regulator in the Non-residential Reconnect fee.

Staff is also recommending that the charge for obtaining a copy of the Company's tariff be eliminated. Currently, the Company's tariff contains a charge of $25.00 for this activity. The Company is not proposing a change to this charge, and did not submit any data regarding the current cost for this service. In response to Staff inquiries, the Company indicated that it had not developed any cost data. In addition the Company did not project any revenues associated with this change for the test year. Because there is no cost support for this charge, Staff recommends that it be eliminated. Staff would note that the entire tariff is available to customers on the Company's website, and copies are available from the Commission at minimal cost.

ISSUE 63: If the Commission grants a revenue increase to City Gas, how should the increase be allocated to the rate classes?

RECOMMENDATION: Staff's recommended allocation of the revenue increase to the rate classes is contained in Attachment 6, page 16 of 16. This allocation and the per-therm rates that result must be adjusted to reflect a slight difference between the increase upon which the rates were calculated and staff's recommended increase as shown in Issue 56. (WHEELER, SPRINGER)

STAFF ANALYSIS: Staff's recommended allocation of the revenue increase is contained in Attachment 6, page 16 of 16.

This recommended allocation of the increase is based on the staff-recommended cost of service study, and allocates a $5,692,590 revenue increase among the rate classes, as shown in column 7. This increase differs by approximately $64,000 from the staff-recommended increase of $5,756,404 contained in the recommendation, due to last-minute expense adjustments that could not be incorporated into staff's proposed rates due to time constraints. Staff's recommended allocation and the resulting per-therm charges will be adjusted subsequent to the agenda conference to reflect this difference, as well as any other changes to the revenue requirement that results from the Commission's votes on the issues.

Note that this allocation includes the $280,288 in staff-recommended imputed revenues (See Issue 29). As shown on Attachment 6, page 15 of 16, the total target revenues which rates were designed to recover were reduced by this amount on a pro rata basis by rate class based upon the recommended increase. No increase was allocated to the Contract Demand class because customers in this class have entered into special contracts.

The staff recommended allocation of the increase was designed to move each rate class towards the system rate of return (i.e., to parity), while taking into account the rate impact on each customer class.

ISSUE 64: Should City Gas's proposal to replace its existing rate classes with 11 new volumetric-based rate classes be approved?

RECOMMENDATION: Yes. City Gas's proposal to replace its existing rate classes with 11 new volumetric-based rate classes should be approved. (SPRINGER)

STAFF ANALYSIS: Presently, City Gas defines its rate classes in part based on the end uses of the customers in the class. For example, all of City Gas's residential customers currently take service under a single Residential rate schedule that is not available to non-residential customers. Similar distinctions are made among the non-residential rate schedules for commercial and industrial customers.

City Gas proposes to restructure its rates in order to group customers based solely on the number of therms they use in a year. This restructuring will result in 11 new rate schedules. These therm usage threshold levels are designed to more accurately reflect similar patterns such as annual volume, load profile, and the assignment of fixed and variable costs, in order to effect a more equitable distribution of the costs of serving the various rate classes. The Commission has recently approved similar gas rate restructuring for both the Florida Division of Chesapeake Utilities Corporation and Indiantown Gas Company.

Under the proposal, City Gas residential customers will now take service under one of 5 new volumetric rate classes, depending on how many therms they use annually. For example, customers (both residential and non-residential) who use less than 100 therms per year will take service under the GS-1 rate schedule. Those who use between 101 and 219 therms per year will be served under the GS-100 rate. Small Commercial Transportation (SCT) and Commercial and Industrial Service (CS) customers will be migrating to one of eight volumetric rate schedules.

City Gas currently divides its transportation and sales service customers into separate rate schedules. The proposed restructuring would consolidate all of its customers into volumetric-based rate schedules that will serve both transportation and sales service customers, as discussed in Issue 71.

Staff believes that the proposed replacement of existing rate classes with volumetric-based rate classes yields a more equitable distribution of the costs of serving various customer classes. Additionally, the revised therm usage threshold levels in the rate classes more accurately reflect similar use patterns such as annual volume, load profile, and the assignment of fixed and variable costs. For these reasons, Staff believes that the proposed volumetric-based rate classes are appropriate, and recommends that the proposed restructuring be approved.

ISSUE 65: Should City Gas's proposed minimum bill provision for customers using 60,000 therms or more per year be approved?

RECOMMENDATION: Yes. City Gas's proposed minimum bill provision for customers using 60,000 therms or more per year be approved. (DRAPER)

STAFF ANALYSIS: City Gas has proposed a minimum bill provision for customers using 60,000 therms or more per year. Specifically, if the annual therm usage of a customer falls below the annual minimum qualifying therms specified in the rate schedule the customer takes service under, City Gas has proposed to apply the distribution charge to the difference between the actual annual usage of the customer and the minimum qualifying therms.

To illustrate, in order to qualify for service under the GS-60K rate schedule, the customer must use at least 60,000 therms per year. Once a year, City Gas will reassess each customer's eligibility for the GS-60K rate based on their annual usage. If a customer's usage for the previous 12-month period falls below 60,000 therms, e.g., 50,000 therms, the customer will be assessed a bill that applies the distribution charge to 10,000 therms. The 10,000 therms represent the difference between the actual annual usage of the customer and the annual minimum qualifying therms for the GS-60K rate. For the following 12-month period, the customer in the above illustration has a choice of reclassification to the appropriate rate schedule or continue to take service under the GS-60K rate.

City Gas is currently applying a minimum annual bill provision to transportation customers using over 120,000 therms per year. Staff believes that a minimum annual bill sends the appropriate price signal to customers to take service under the applicable rate schedule, based on actual usage. Therefore, City Gas's proposal to apply a minimum annual bill to customers using 60,000 or more therms per year should be approved.

ISSUE 66: To which customer classes should City Gas's Competitive Rate Adjustment Rider be applied?

RECOMMENDATION: The Competitive Rate Adjustment Rider should be applied to all customers that do not receive an alternate fuel discount pursuant to City Gas's Alternate Fuel Discount Rider. The Alternate Fuel Discount Rider is addressed in Issue 69. (DRAPER)

STAFF ANALYSIS: The Competitive Rate Adjustment (CRA) allows City Gas to recover from its customers any revenue shortfall or credit any revenue surplus it incurs by offering a discount to large volume customers that have alternate fuel capabilities. To be eligible for the alternate fuel discount, customers must demonstrate the ability and intent to physically bypass the Company's distribution system or to use alternative fuels. City Gas has the discretion to discount the non-gas distribution charge to a level necessary to retain the customer. Similarly, when market conditions allow, City Gas can increase the distribution charge. Determination of the alternate fuel discount is based on a Commission-approved formula which is driven by the price of the alternate fuel relative to the price of natural gas.

Customers with alternate fuel capabilities currently take service under the contract interruptible rate schedules CI, CI-TS, CI-LV, and CI-LVT, and are not assessed the CRA. In addition to the contract interruptible customers, customers taking service under City Gas's interruptible rate schedules IP, ITS, IL, and ILT are not assessed the CRA, even though these customers are not eligible for the alternate fuel discount. The interruptible rates are available to customers that use a minimum of 250,000 therms per year.

City Gas calculates the shortfall or surplus by comparing actual revenues received from customers receiving the alternate fuel discount to revenues City Gas would have received in the absence of the alternate fuel discount. City Gas collects the shortfall or refunds the surplus to its customers through the CRA charge, on a cents per therm basis. The CRA charge is adjusted annually in September.

As stated above customers taking service under the IP, ITS, IL, and ILT rates currently do not pay the CRA, even though they are not eligible for receiving an alternate fuel discount. However, as discussed in Issue 64, City Gas has proposed to redefine its rate classes solely based on annual therm usage and eliminate the distinction between firm and interruptible service. In addition, as discussed in Issue 69, City Gas has proposed to apply the Alternate Fuel Discount as a Rider. As a result, customers who are currently on interruptible rate schedules IP, ITS, IL, and ILT, will be billed the CRA under the City Gas proposal. Customers that demonstrate a viable economic alternative to taking service from City Gas will continue to be eligible for the alternate fuel discount, and will not be assessed a CRA.

Staff believes that City Gas's proposal to apply the CRA to all customers except those whose rates are set in response to market pressures is appropriate, and should be approved. The alternate fuel discount helps insure the retention of industrial load, and the associated cost should be borne by all customers. In the interest of fairness, large-volume customers that do not have alternative fuel capabilities should not be excused from paying a CRA.

ISSUE 67: Is City Gas's proposal to bill certain of its customers a demand charge based on their Demand Charge Quantity appropriate?

RECOMMENDATION: No. The Commission should not approve City Gas's proposal. In lieu of City Gas's proposal, the Commission should approve a demand charge of $0.314 for rate schedules GS-120K, GS-250K, and GS-1,250K, with a separate Demand Charge Quantity established for the winter season (November through March) and for the summer season (April through October). Staff's development of the recommended demand charge is shown in Attachment 8. Staff's recommendation does not change City Gas's revenue requirement. This is a rate design issue only. (DRAPER, MAKIN)

STAFF ANALYSIS:

The Proposed Demand Charge

City Gas has proposed to apply a demand charge of $0.725 to customers taking service under proposed rate schedules GS-60K, GS-120K, GS-250K, and GS-1,250K. Currently, there are 157 accounts taking service under these rate schedules. The demand charge would apply in addition to the customer charge and the per-therm distribution charge.

Currently, no retail investor-owned natural gas utility in Florida includes a separate demand charge in its rate design. Traditional base rate design for these utilities includes only a fixed monthly customer charge and a variable non-gas energy or distribution charge.

City Gas has proposed a new billing determinant for the application of the demand charge. City Gas has proposed to apply the demand charge of $0.725 to the customer's actual single highest daily therm usage, or Demand Charge Quantity (DCQ), over a historical period of up to three years. The DCQ will remain unadjusted for a 12-month period. City Gas has proposed to reset the DCQ for each customer annually in August. The proposed tariffs also included a provision that allowed the Company to increase a customer's DCQ if their highest daily usage exceeds the Company's assigned DCQ more than three times during a 12-month period.

Customers on rate schedules GS-120K, GS-250K, and GS-1,250K have automatic meter reading (AMR) devices that record the customer's actual daily therm consumption. As a result, the DCQ for these customers would be based on the highest **actual** daily therm consumption recorded by the AMR. However, customers on rate schedule GS-60K are not required to have AMRs. For these customers, City Gas has proposed to estimate the DCQ based on the highest monthly usage for the most recent three-year period, divided by the number of days in the month.

City Gas asserts that few capacity costs are dependent on gas throughput, and that the majority of these costs are fixed, i.e., costs that are incurred whether the customer uses any gas or not. City Gas further notes that large customers are accustomed to demand charges from their electric provider. Capacity costs include the cost of mains and the associated O&M cost, depreciation, and return.

The proposed demand charge is designed to recover a portion of the annual capacity costs the Company incurs to serve the four rate classes listed. Specifically, the demand charge is designed to recover the peak capacity costs City Gas incurs during the winter months. City Gas states that allocating the total annual capacity costs would result in an excessive demand charge that would result in a considerable adverse reaction from customers. Any capacity costs that are not recovered through the demand charge will be recovered through the per-therm distribution charge.

Staff's Concerns with the Proposed Demand Charge

It is important to note that City Gas's proposal does **not** increase the revenue requirement for rate schedules GS-60K, GS-120K, GS-250K, and GS-1,250K. Rather, it is a rate design issue only. It does, however, affect customers within each of the four rate schedules differently, depending on their usage patterns.

In response to Staff's request, City Gas performed an analysis showing the impact on each of the 157 customers affected by City Gas's proposal. City Gas provided a base rate bill comparison for each customer showing: (1) the total annual bill including the $0.725 demand charge, and (2) the total annual bill if all capacity costs were recovered through the distribution charge, i.e., the demand charge is zero.

The analysis shows that while some customers benefit from the proposal, numerous customers would receive a significantly higher bill under a rate design that includes the proposed demand charge of $0.725.

One customer that would be negatively impacted by this proposal addressed Staff at the customer meeting held in Port St. Lucie on October 30, 2003. The customer stated that his therm usage is seasonal, with very high usage during the winter months, and little or no usage during the summer months. The customer stated that he currently pays only the customer charge during the summer months. However, under City Gas's proposal, the customer would see a significant increase in his bills during the summer months. The customer would pay a demand charge amount that would be determined by the maximum daily usage that occurred during the winter.

City Gas asserts that large customers are accustomed to demand charges from their electric providers. It is correct that the demand charge is a familiar concept for commercial customers in the electric industry. However, in the electric industry the demand charge is applied to the customer's measured maximum kilowatt (kw) demand during each billing month. Any fluctuation in a customer's monthly kw demand will be reflected in the monthly bill. Under City Gas's approach, no consideration is given to the fact that customers' therm usages can vary on a monthly basis.

Staff's final concern relates to City Gas's proposal to apply the demand charge to customers taking service under the GS-60K rate. Customers taking service under this rate are not required to have AMR devices that record their daily usage. Without an AMR device at the customer's premises, City Gas can only record the customer's monthly usage. As stated earlier, for customers without an AMR device, City Gas has proposed to set the DCQ equal to the highest monthly usage for the most recent three year period divided by the applicable number of days in the month. This approach yields only an estimate of the customer's actual highest daily usage, and should therefore be rejected.

Staff Recommended Demand Charge

Staff believes that the concept of a demand charge is appropriate for the gas industry. However, in light of the fact that the concept is new to Florida's gas customers, Staff believes that great consideration must be given to customer acceptance. Staff addressed the above stated concerns with City Gas, and the

Company agreed that its proposal resulted in a severe impact on customers whose usage varies significantly on a monthly basis.

Staff's development of its recommended demand charge of $0.314 is shown in Attachment 8, and is based on several discussions with the Company. Staff notes that its recommended demand charge does not modify the total base rate revenues City Gas is projected to receive from the customer classes that will be billed a demand charge. By recommending a lower demand charge, Staff has increased the distribution charge accordingly.

Staff's recommended demand charge includes three modifications to City Gas's proposal. First, upon the suggestion of the Company, Staff included only the return and depreciation components of the capacity costs to be recovered through the demand charge. This methodology lowers the total dollar amount the demand charge is designed to recover, and in turn lowers the demand charge. Under City Gas's proposal, the demand charge was designed to recover $2,013,737 in winter peak capacity costs. As can be seen in Attachment 8, Staff's recommended demand charge recovers $838,633 in winter peak capacity costs.

Secondly, Staff believes that the applicability of the demand charge should be limited to customers that have AMR devices. Customers with AMR devices take service under rate schedules GS-120K, GS-250K, and GS-1,250K. Since customers on the proposed GS-60K rate currently are not required to have AMR devices, Staff does not believe it is appropriate to apply a demand charge to them.

Finally, Staff believes that a separate DCQ should be established for the winter season (November through March) and for the summer season (April through October). This approach reflects how City Gas is billed for capacity from the Florida Gas Transmission Company (FGT) under its Firm Transportation Service (FTS-1) tariff, which allows City Gas to contract for separate pipeline capacity in the winter season and in the summer season. FGT's rate is the same for both seasons. The two seasons reflect the fact that the volume of gas City Gas transports on FGT's pipeline differs significantly between the winter and summer seasons.

City Gas filed revised tariffs that include a provision that the Company will not increase a customer's DCQ unless the customer has had at least three occurrences of DCQs in excess of their current DCQ within the 12-month period ending July of the current year. Staff believes that the proposed tariff revision is appropriate. If the Commission approves the Staff-recommend seasonal adjustment of customers' DCQs, Staff recommends that City Gas revise its tariff to include the above provision to apply to the seasonal periods.

Conclusion

Staff recommends that City Gas's proposed demand charge be denied because of the impact on customers. Since the concept of a demand charge is new in the gas industry, customer acceptance is an important issue to consider. The Staff-recommended demand charge of $0.314 per DCQ allows City Gas to recover a portion of the capacity costs through a demand charge while minimizing the impact on customers.

As stated earlier, in the electric industry, the Commission has historically approved a demand charge that is applied to the customer's measured maximum demand during each billing month. As a result, any fluctuation in a customer's monthly demand will be reflected in the monthly bill. City Gas opposes a monthly adjustment of the DCQs, contending that its investment in mains does not vary with consumption. Since the concept of a demand charge is new for the gas industry, Staff's recommended seasonal adjustment of the DCQs represents a reasonable approach to Staff's and the Company's concerns while protecting the customers.

ISSUE 68: Should City Gas's proposal to eliminate its interruptible rate classes be approved?

RECOMMENDATION: Yes. City Gas's proposal to eliminate its interruptible rate classes be approved. (DRAPER)

STAFF ANALYSIS: City Gas currently provides service to large volume sales and transportation customers under interruptible rate schedules IP, CI, ITS, CI-TS, IL, CI-LV, ILT, and CI-LVT. The current tariff for the above rates includes provisions stating that gas deliveries may be curtailed or interrupted at the discretion of City Gas. Concurrent with City Gas's proposal to replace its existing rate classes with 11 new volumetric-based rate classes, the Company has proposed to eliminate the distinction between interruptible and firm rate classes.

City Gas asserts that interruptions in recent years have been infrequent, and therefore interruptible load does not provide any benefits to the operational integrity of the system. From 1998 to the present, City Gas has interrupted customers four times. The causes of each of these interruptions were force majeure events that occurred on the Florida Gas Transmission's (FGT) interstate pipeline system, such as a fire caused by a lightning strike on an FGT compressor station and Tropical Storm Isidore that affected production in the Gulf of Mexico.

The four recent interruptions affected customers taking service under both interruptible and firm rate schedules. During periods of supply shortages, operational constraints, or force majeure events, City Gas implements the terms of its Gas Curtailment Plan (plan). The plan establishes procedures for City Gas to implement during interruption periods. Under the plan, customers that provide services for the protection of public health or safety, such as hospitals or wastewater facilities, continue to receive gas service during an interruption period, regardless whether they take service under a firm or interruptible rate.

Because the curtailment plan and not the tariffs determine which customers are interrupted, Staff believes that City Gas's proposal to eliminate the distinction between interruptible and firm rate schedules, is appropriate, and should be approved. The proposal is also consistent with City Gas's proposed customer classes that are solely based on annual therm usage.

ISSUE 69: Should City Gas's proposal to apply its existing Alternate Fuel Discount (AFD) as a rider be approved?

RECOMMENDATION: Yes. City Gas's proposal to apply its existing Alternate Fuel Discount (AFD) as a rider should be approved. (BAXTER)

STAFF ANALYSIS: The Alternate Fuel Discount (AFD) is a rate reduction offered to large customers who have the capability to use an alternate fuel source at a lower equivalent cost than natural gas. Currently, the AFD is available to sales and transportation customers in the Contract Interruptible and Contract Interruptible Large Volume rate classes. Customers must provide quarterly certification of their alternative fuel capability to continue to receive the discount.

City Gas has not proposed any substantive changes to the AFD mechanism, however, it has proposed to offer the AFD as a separate rider that will be available to customers in the proposed new GS-120k, GS-250k and GS-1,250k rate classes. Staff believes that this change is appropriate, and should be approved.

ISSUE 70: Should City Gas's proposal to lower the eligibility threshold for discounts to customers who have alternate fuel capability from 250,000 to 120,000 therms per year be approved?

RECOMMENDATION: Yes. City Gas's proposal to lower the eligibility threshold for discounts to customers who have alternate fuel capability from 250,000 to 120,000 therms per year should be approved. (BAXTER)

STAFF ANALYSIS: The Alternate Fuel Discount (AFD) is a rate reduction offered to large customers who have the capability to use an alternate fuel source at a lower equivalent cost than natural gas. Currently, the AFD is available to sales and transportation customers in the Contract Interruptible and Contract Interruptible Large Volume rate classes. Customers must provide quarterly certification of their alternative fuel capability to continue to receive the discount. To take service under the Contract Interruptible rate classes, customers must use a minimum of 250,000 therms per year. Customers taking service under the Contract Interruptible-Large Volume rate class must use a minimum of 1,250,000 therms per year.

The Company proposes to lower the threshold to qualify for the AFD from a minimum of 250,000 therms per year to customers using a minimum of 120,000 therms per year. The AFD will now be available to customers in the proposed new GS-120k, GS-250k, and GS-1,250k rate classes. Lowering the threshold will enable the Company to more effectively retain load by making the AFD available to more customers. The Company states that the lowering of the threshold will enable two additional existing customers to qualify for the AFD.

Staff believes that the proposed lowering of the threshold is appropriate, and should be approved. Lowering the threshold will better enable City Gas to retain at-risk customers who make a contribution to fixed costs that might otherwise be borne by the general body of ratepayers.

ISSUE 71: Should City Gas's proposal to consolidate its sales and transportation customer classifications be approved?

RECOMMENDATION: Yes. City Gas's proposal to consolidate its sales and transportation customer classifications should be approved. (DRAPER)

STAFF ANALYSIS: Sales customers receive their gas supply directly from City Gas. Transportation customers arrange for the purchase of their gas through a marketer or third party supplier for delivery to City Gas's system, and City Gas provides only the transportation of the gas to the customer. City Gas has been offering transportation service to all of its non-residential customers since 1999.

City Gas's tariff currently has separate rate schedules for sales and transportation customers. For example, the Large Commercial Service (LCS) rate is applicable to sales customers using a minimum of 120,000 therms per year, while the Commercial Transportation Service (CTS) rate is available to transportation customers using a minimum of 120,000 therms per year. The per therm distribution charge is the same for transportation service as that under the otherwise applicable rate schedule for sales service. However, the rate schedules for transportation service contain a higher customer charge to recover certain costs associated with offering transportation service. In addition to the base rate charges, sales customers are responsible for the Purchased Gas Adjustment (PGA) charge, which does not apply to transportation customers because they purchase their own gas.

City Gas has proposed to consolidate its tariffs into a single set of rate schedules that would be applicable to both sales and transportation customers. Customers electing either sales or transportation service would be served under the same rate schedule based on annual therm usage, and therefore pay the same customer charge, distribution charge, and demand charge when applicable. As under the existing tariffs, sales customers will also pay the PGA charge. As discussed in Issue 76, City Gas has proposed to recover all transportation-related costs from the third party supplier rather than from the customer.

Staff believes that the Company's proposal to consolidate its sales and transportation customer classifications is appropriate, and should be approved. Consolidation will simplify the administration of City Gas's rate schedules and other tariff provisions.

ISSUE 72: Should City Gas's proposal to eliminate its Standby Sales Service provision be approved?

RECOMMENDATION: Yes. City Gas's proposal to eliminate its Standby Sales Service provision should be approved. (BAXTER)

STAFF ANALYSIS: Standby Sales Service is an optional service that transportation customers can purchase that makes a specified amount of gas available in the event of an emergency or failure of their third-party gas supplier to supply gas. The customer pays a Monthly Standby Charge of $0.785 per therm of the maximum daily standby service requested. This charge is paid whether the customer requests gas under standby sales service for that month or not. If customers require gas under the service, they must provide 24 hours' notice and pay the weighted average commodity cost of gas plus all billing adjustments, taxes, and an administrative charge of $0.03 per therm.

City Gas proposes to discontinue the service due to lack of use. Response to Staff's data requests indicate that Standby Sales Service has not been utilized by any City Gas customer for the past five years. The Company stated that its customers were reluctant to pay the monthly standby charge throughout the year for a service that was rarely if ever used.

Because the service has not proven useful to customers as evidenced by their lack of participation, Staff recommends that Standby Sales Service be eliminated. Third party suppliers who require an emergency supply of gas can take service under the Company's proposed new Transportation Supply Service rate schedule (See Issue 73).

ISSUE 73: Should City Gas's proposed new Transportation Supply Service (TSS) rate schedule be approved?

RECOMMENDATION: Yes, with the exception of the tariff language contained in Special Conditions paragraph 3 of the proposed rate schedule, which should be removed. (BAXTER)

STAFF ANALYSIS: Transportation Supply Service (TSS) is a proposed new option offered to Third Party Suppliers (TPSs) who sign a service agreement with City Gas. TPSs are marketers, brokers, and other third party suppliers that act as agents for customers who take Transportation Service from City Gas.

TSS is intended to supply transportation customers with gas on the rare occasions when the TPS is unable to do so. The service involves only the provision of gas. The customer's base rate charges paid to City Gas for transportation still apply. TSS does not provide a guaranteed supply of gas. City Gas provides the emergency supply of gas to a customer only if it is available.

Under the TSS, the customer pays an annual charge of $500 when service is initially requested, a daily usage charge of $50.00, and a commodity rate per therm of gas used charge of the higher of either the purchased gas adjustment or the incremental cost of purchase or production, plus an adder of $.075 per therm. Customers only pay the charges associated with the service if they utilize it.

Under the Special Provisions section of the proposed tariff, the Company includes the following language:

> 3. Pricing Modification: the methodology and pricing set forth in the Charge section of this Rate Schedule may be modified if agreed to by the TPS and the Company, in order to accommodate market conditions or special Customer requirements.

Staff does not believe that this provision is appropriate. Since the Company is proposing rates for TSS that will be approved by the Commission and included in its tariff, the Company should be required to file for Commission approval any change in the rates charged under the tariff. Staff therefore recommends that this provision be excluded from proposed TSS rate schedule.

The proposed Transportation Supply Service rate schedule provides a mechanism to allow the Company to provide gas, when available, to transportation customers in the rare instances when a TPS is unable to do so. Staff believes that it is a appropriate offering, and recommends that it be approved, with the exception of the Special Provision discussed above.

ISSUE 74: Is City Gas's proposed new Temporary Disconnect Charge appropriate?

RECOMMENDATION: No. The proposed charge should not be approved. (BAXTER)

STAFF ANALYSIS: The proposed new Temporary Disconnect Charge is applied when a customer requires disconnection on a short-term basis, such as for pest extermination or home renovation. The Company has proposed a charge of $20.00 for this service. When the customers request that service be reconnected, they are then assessed the proposed $50.00 connection fee, resulting in a total cost of $70.00.

Staff has analyzed the Company's proposal and is concerned with the disparate impact of the proposed charge on the Company's customers. Customers who require reconnection of their service after disconnection for cause should pay only a Staff-recommended reconnection charge of $37.00. This charge does not include any of the costs of disconnection. Customers in good standing who request temporary disconnection thus must pay more to have their gas temporarily disconnected and reconnected than a customer whose gas was turned off for non-payment ($70.00 vs. $37.00). Staff does not believe that this is equitable.

In addition, City Gas did not include any revenues associated with the implementation of this charge in its MFRs. For these reasons, Staff recommends that the Company's proposed Temporary Disconnect Charge not be approved.

ISSUE 75: Are City Gas's proposed Daily Imbalance Charges appropriate?

RECOMMENDATION: Yes. City Gas's proposed Daily Imbalance Charges are appropriate. (SPRINGER, WHEELER)

STAFF ANALYSIS: The Daily Imbalance Charges apply to Third Party Suppliers (TPSs). TPSs obtain natural gas for customers and deliver it to City Gas via the Florida Gas Transmission (FGT) interstate pipeline. City Gas then transports the gas from the interstate pipeline to the customers. A customer who obtains gas for itself in this manner is also considered a TPS.

City Gas reserves the right to require daily balancing that the Company reasonably determines is necessary for operational reasons. In all instances, City Gas will provide the TPS with at least twenty-four hours advance notice that daily balancing will be imposed. This daily balancing insures that the TPS delivers the appropriate quantity of gas from the interstate pipeline to City Gas for transportation to the TPS's customers during times when there are operational constraints on the interstate pipeline.

City Gas proposes to apply the Daily Imbalance Charges to encourage TPSs to make required gas deliveries within a five percent threshold above or below their required amounts during periods of operational constraints. When the TPS fails to operate within the threshold, the charges apply. These charges are intended to offset the cost of the penalties that City Gas is required to pay to FGT for imbalances on the interstate pipeline, and are only assessed if City Gas is required to pay a penalty to FGT. All revenues collected from the Daily Imbalance Charges are credited to all of City Gas's sales customers through the Purchased Gas Adjustment Clause.

Staff has reviewed the derivation of the Daily Imbalance charges and believes that they are appropriate to encourage TPSs to make requisite natural gas deliveries during periods of constraint on the interstate pipeline. Staff therefore recommends that they be approved.

ISSUE 76: Are City Gas's proposed new monthly charges applicable to Third Party Suppliers appropriate?

RECOMMENDATION: Yes. City Gas's proposed new monthly charges applicable to Third Party Suppliers are appropriate. (DRAPER)

STAFF ANALYSIS: City Gas currently recovers the additional cost to provide transportation service through a higher customer charge for transportation service than for the otherwise applicable sales service. City Gas has proposed to recover the cost to provide transportation service from the third party suppliers instead of the transportation customers. Specifically, City Gas has proposed two new monthly charges applicable to third party suppliers: (1) a $400 customer charge, and (2) a $5.92 charge for each transportation customer served by the third party supplier.

Third party suppliers wishing to deliver natural gas to the Company's distribution system for transportation customers must sign a contract with the Company pursuant to the Third Party Supplier (TPS) tariff. The TPS tariff currently provides the terms and conditions that marketers must meet in order to provide transportation service. City Gas has proposed to include the two new monthly charges in the TPS tariff.

The proposed monthly third party supplier customer charge of $400 is designed to recover $52,808 in projected annual gas control administration costs from 11 projected third party suppliers. These costs include the salary and computer costs of two employees that track nominated and actual TPS gas deliveries on a daily basis.

The proposed monthly charge of $5.92 for each transportation customer served by the third party supplier is designed to recover $145,462 in projected annual billing and programming costs. City Gas is forecasting that 2,048 customers will receive transportation service in 2004.

Upon review, Staff recommends that the proposed new monthly charges applicable to third party suppliers are reasonable and should be approved. The proposed charges will ensure that the cost of providing transportation service is recovered from the marketers, and ultimately from the transportation customers, and not from City Gas's sales customers.

ISSUE 77: Are City Gas's proposed new Unauthorized Gas Use provision and the associated per therm charge appropriate?

RECOMMENDATION: Yes. City Gas's proposed new Unauthorized Gas Use provision and the associated per therm charge are appropriate. (BAXTER)

STAFF ANALYSIS: City Gas has proposed a new Unauthorized Gas Use provision that applies when a curtailment or interruption notice is issued by City Gas, the Florida Public Service Commission, or any other agency having jurisdiction. If a customer continues to use gas after being notified that a curtailment or interruption exists, the customer is billed at the higher of $2.50 per therm or a rate equal to ten times the highest price, for each day, for gas delivered to the Florida Gas Transmission hub at St. Helena Parish. The Unauthorized Gas Use Provision also applies to Third Party Suppliers (TPS) who fail to deliver gas in the quantities or imbalance ranges specified in the proposed TPS rate schedule.

The purpose of the provision is to create a disincentive for customers to use gas during periods of curtailment or interruption on the interstate pipeline, and to create a disincentive for TPSs to fail to deliver gas for their customers. Any penalties paid under this provision are credited to the Company's Purchased Gas Adjustment clause, and therefore benefit the ratepayers.

Staff believes that the proposed provisions are a reasonable method to insure that customers comply with curtailment orders and that TSPs meet their commitments to deliver gas for their transportation customers.

ISSUE 78: Is City Gas's proposal to expand the existing Contract Transportation Service (KTS) rate schedule to include sales service customers appropriate?

RECOMMENDATION: Yes. City Gas's proposal to expand the existing KTS rate schedule to include sales service customers is appropriate. (DRAPER)

STAFF ANALYSIS: The Commission approved City Gas's Contract Transportation Service (KTS) in Order No. PSC-00-1592-TRF-GU, issued September 5, 2000, in Docket No. 000717-GU, Re: Petition for authority to implement contract transportation service by City Gas Company of Florida. The KTS tariff applies to new and existing commercial transportation customers who add 250,000 therms per year of incremental load, and is designed to meet City Gas's needs to compete for potential customers who have viable alternative energy options. The negotiated transportation charge may not be less than $0.01 per therm and can not be set lower than the incremental cost the Company incurs to serve the customer. The KTS rate applies only to the incremental load. One customer currently takes service under this rate.

City Gas has proposed to rename the KTS rate, which would now be called Contract Demand Service (KDS), and to expand the rate to include customers taking both transportation and sales service. Staff believes this proposed change is consistent with the Company's proposal to consolidate its sales and transportation customer classification (Issue 71), and should be approved.

ISSUE 79: What is the appropriate effective date for City Gas's revised rates and charges?

RECOMMENDATION: The revised rates and charges should become effective for meter readings on or after 30 days following the date of the Commission vote approving the rates and charges. (WHEELER)

STAFF ANALYSIS: All new rates and charges should become effective for meter readings on or after 30 days from the date of the Commission vote approving them. This will insure that customers are aware of the new rates prior to being billed for usage under the new rates.

OTHER ISSUES

ISSUE 80: Should any portion of the $2,942,306 interim increase granted by Order No. PSC-03-1217-PCO-GU, issued on October 27, 2003, be refunded to customers?

RECOMMENDATION: No portion of the $2,942,306 interim revenue increase should be refunded. (BRINKLEY)

STAFF ANALYSIS: In this docket, the requested interim test year was the twelve months ended September 30, 2002. The Commission granted the interim increase by Order No. PSC-03-1217-PCO-GU, issued October 27, 2003, in Docket No. 030569-GU.

Any interim increase is reviewed when final rates are derived to determine if any portion should be returned to the ratepayers. In this case, interim rates went into effect November 26, 2003, two months after the beginning of the 2004 projected test year and will continue for another three months of the projected test year before final rates are scheduled to take effect. Since the period interim rates are in effect is well within the projected test year for determining final rates, the rate case review requirements are appropriate for affirmation of the interim increase.

Staff's reviewed the Company's 2004 financial projections for purposes of recommending final revenue requirements. Staff believes that no refund of interim is required since the increase recommended for the projected test year exceeds the interim increase awarded.

ISSUE 81: Should City Gas be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

RECOMMENDATION: Yes. The Company should be required to fully describe the entries and adjustments that will be either recorded or used in preparing reports submitted to the Commission. (BRINKLEY)

STAFF ANALYSIS: Various adjustments will be made to the Company's records as a result of findings in this rate case. City Gas should be required to fully describe the entries and adjustments that will be made in preparing reports submitted to the Commission.

ISSUE 82: Should City Gas's energy conservation cost recovery factors approved in Docket No. 030004-GU, Order No. PSC-03-1374-FOF-GU, be realigned to reflect the new rate classes in this case?

RECOMMENDATION: Yes. City Gas should file realigned conservation cost recovery factors using the approved revenue requirement in this case based on new rate classes. See Commission Order NO. PSC-00-2536-TRF-EG. (MAKIN)

STAFF ANALYSIS: Conservation cost recovery factors and dependant on the final rate design, and should become effective at the time the new rate classes go into effect. The new realigned conservation cost recovery factors should be calculated using Schedule C-1 as filed in Docket No. 030004-GU for the 2004 projected period.

ISSUE 83: 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. (JAEGER)

STAFF ANALYSIS: If no timely protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of issuance of the Proposed Agency Action Order, this docket should be closed upon the issuance of a Consummating Order.

COMPARATIVE AVERAGE RATE BASES

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES

ATTACHMENT 1
23-Dec-03

ISSUE NO.		COMPANY TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	STAFF ADJS.	STAFF ADJUSTED
	UTILITY PLANT					
	PLANT IN SERVICE	$198,469,190				
4	To retire inactive service lines				($144,925)	
	Total Plant	$198,469,190	$0	$198,469,190	($144,925)	$198,324,265
	COMMON PLANT ALLOCATED		$5,723,015			
6	To remove cancelled NUI projects				($1,766,884)	
6	To remove plant unrelated to City Gas				(570,346)	
7	To correct for change in non-utility allocation				(34,748)	
	Total Common Allocated	$0	$5,723,015	$5,723,015	($2,371,978)	$3,351,037
	ACQUISITION ADJUSTMENT	$30,832,927	($29,370,230)			
	Total Acquisition Adjustment	$30,832,927	($29,370,230)	$1,462,697	$0	$1,462,697
	PLANT HELD FOR FUTURE USE	0				
	Total Plant Held For Future Use	$0	$0	$0	$0	$0
	CONSTRUCTION WORK IN PROG.	$6,452,439				
	Total Construction Work In Progress	$6,452,439	$0	$6,452,439	$0	$6,452,439
	TOTAL PLANT	$235,754,556	($23,647,215)	$212,107,341	($2,516,903)	$209,590,438
	DEDUCTIONS					
	ACCUM. DEPR.- PLANT IN SERVICE	$84,927,235				
4	To retire inactive service lines				($144,925)	
48	To correct for depreciation removed twice				115,860	
49	To adjust for revision in depr. rates (1/2 Y)				(121,725)	
	Total Accum. Depr.- Plant In Service	$84,927,235	$0	$84,927,235	($150,790)	$84,776,445
	ACCUM DEPR. - COMMON PLANT		$2,667,538			
6	To remove cancelled NUI projects				($119,520)	
6	To remove plant unrelated to City Gas				(65,149)	
7	To correct for change in non-utility allocation				(14,376)	
	Total Accum. Depr. - Common Plant	$0	$2,667,538	$2,667,538	($199,045)	$2,468,493
	ACCUM. AMORT. - ACQUIS'N ADJ.	$15,387,056	($15,160,584)			
	Total Accum. Depr. - Acquisition Adj.	$15,387,056	($15,160,584)	$226,472	$0	$226,472
	CUSTOMER ADV. FOR CONSTR.	$0	$0	$0	$0	$0
	TOTAL DEDUCTIONS	$100,314,291	($12,493,046)	$87,821,245	($349,835)	$87,471,410
	NET UTILITY PLANT	$135,440,265	($11,154,169)	$124,286,096	($2,167,068)	$122,119,028
	WORKING CAPITAL ALLOWANCE	($50,638,511)	$49,774,224	($864,287)	($1,341,746)	($2,206,033)
	TOTAL RATE BASE	$84,801,754	$38,620,055	$123,421,809	($3,508,814)	$119,912,995

COMPARATIVE WORKING CAPITAL COMPONENTS

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES

ATTACHMENT 1A
23-Dec-03

ISSUE NO.		COMPANY AS FILED TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	STAFF COMM. ADJS.	STAFF COMM. ADJUSTED
	WORKING CAPITAL					
	ASSETS					
	Nonutility Property	$183,942	($183,942)	$0	$0	$0
	Accum. Depr. - Nonutility Property	(29,482)	29,482	0		0
	Other Special Funds	20,853	(20,853)	0		0
	Cash	0	0	0		0
	Working Funds & Cash Invest.	2,250		2,250		2,250
	Cust. Accounts Rec. - Gas	9,487,041		9,487,041		9,487,041
	Other Receivables	84,369	(8,205)	76,164		76,164
	Accum. Prov. Uncollect. Accts.	(342,922)		(342,922)		(342,922)
	Materials & Supplies	397,806	(41,372)	356,434		356,434
	Merchandise			0		0
	Prepayments	30,010		30,010		30,010
	Accrued Utility Revenue	798,191		798,191		798,191
	Adj. for Gain on Sale of Medley Prop.			0		0
	Other Regulatory Assets	3,339,127		3,339,127		3,339,127
	Deferred Conv. Cost & Piping Allowan	844,671		844,671		
18	To correct deferred piping for revision				61,207	905,878
	Misc. Deferred Debits	448,909	(342,787)	106,122		106,122
	Deferred FIT	277,744	(277,744)	0		0
	Unrecovered Gas Cost/ECCR/CRA	(1,351,196)	(981,489)	(2,332,685)		(2,332,685)
32	To adjust Prepaid Odorant Costs				7,774	7,774
	LIABILITIES					
	Notes Payable	$32,286,689	($32,286,689)	$0	$0	$0
	Accounts Payable	6,642,837		6,642,837		6,642,837
	Customer Deposits	5,833,009	(5,833,009)	0		0
	Accrued Taxes - General	146,963		146,963		
15	To correct RAF & property tax accrual				242,900	389,863
	Accrued Interest	1,336,328	(198,324)	1,138,004		
14	To correct interest payable				100,639	1,238,643
	Tax Collections Payable	(486,363)		(486,363)		
15	To correct FICA, FIT, & PRT payable				1,067,188	580,825
	Misc. Current Liabilities	501,539		501,539		501,539
	Capital Leases - Current	931,932		931,932		931,932
	Other Regulatory Liabilities	4,396,727	(271,591)	4,125,136		4,125,136
	Accum. Deferred Inc. Taxes	12,475,160	(12,475,160)	0		0
	Deferred Investment Tax Credit	536,361	(536,361)	0		0
	Deferred IT - Other			0		0
	Capital Lease			0		0
	Operating Reserves	208,260		208,260		208,260
	Other Deferred Credits	20,382		20,382		20,382
	TOTALS	($50,638,511)	$49,774,224	($864,287)	($1,341,746)	($2,206,033)

CAPITAL STRUCTURE

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES
13 Month Average

ATTACHMENT 2
23-Dec-03

	PER BOOKS	CONFORM TO INVESTOR SOURCES	ADJUSTED BOOKS	COMPANY ADJUSTMENTS SPECIFIC	COMPANY ADJUSTMENTS PRO RATA	ADJUSTED PER BOOKS
Common Equity	$28,409,942	$28,413,084	$56,823,026		($3,478,218)	$53,344,808
Long Term Debt	56,391,821	2,609,050	59,000,871		(3,611,527)	55,389,344
Short Term Debt	32,286,689	(31,022,134)	1,264,555		(77,405)	1,187,150
Customer Deposits	5,833,009		5,833,009			5,833,009
Def. Taxes - Zero Cost	12,469,007		12,469,007	(5,337,860)		7,131,147
Tax Credit - Zero Cost	536,361		536,361			536,361
	$135,926,829	$0	$135,926,829	($5,337,860)	($7,167,150)	$123,421,819

	ADJUSTED PER BOOKS	STAFF RATE BASE ADJUSTMENTS CONFORM TO INVESTOR SOURCES	ISSUE NO.	ADJ'D FOR INVESTOR SOURCES	SPECIFIC	ISSUE NO.	PRO RATA	STAFF ADJUSTED	RATIO	COST RATE	ISSUE NO.	WEIGHTED COST
Common Equity	$53,344,808	($5,690,000)	23	$47,654,808			($3,564,827)	$44,089,981	36.77%	11.25%	25	4.14%
Long Term Debt	55,389,344	(3,125,000)	23	52,264,344			(3,909,645)	48,354,699	40.32%	6.43%		2.59%
Short Term Debt	1,187,150	8,815,000	23	10,002,150			(748,213)	9,253,937	7.72%	3.90%	24	0.30%
Customer Deposits	5,833,009			5,833,009				5,833,009	4.86%	6.70%		0.33%
Def. Taxes - Zero Cost	7,131,147			7,131,147	4,713,871	21		11,845,018	9.88%			0.00%
Tax Credit - Zero Cost	536,361			536,361				536,361	0.45%			0.00%
	$123,421,819	$0		$123,421,819	$4,713,871		($8,222,685)	$119,913,005	100.0%			7.36%

COMPARATIVE NOIs

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES

ATTACHMENT 3
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		COMPANY			STAFF	
ISSUE NO.		TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	STAFF ADJS.	STAFF ADJUSTED
	OPERATING REVENUES	$100,402,838		$100,402,838		
29	To impute revenue for Clewiston				$280,288	
28	To correct rev. for errors				(24,420)	$100,658,706
	REVENUES DUE TO GROWTH	120,628		120,628		120,628
	Cost of Gas		($31,127,076)	(31,127,076)		
27	To add back duplicative RAFs removed				154,861	(30,972,215)
	ECP Revenues (Conservation)		(3,138,195)	(3,138,195)		(3,138,195)
	Franchise/Gross Rec. Rev.		(3,134,516)	(3,134,516)		(3,134,516)
	Off-System Sales		(25,250,091)	(25,250,091)		(25,250,091)
	TOTAL REVENUES	$100,523,466	($62,649,878)	$37,873,588	$410,729	$38,284,317
	OPERATING EXPENSES:					
	COST OF GAS					
	System Supply	$31,127,076	($31,127,076)	$0	$0	$0
	Off-System Sales	24,295,230	(24,295,230)	0	0	0
	TOTAL COST OF GAS	$55,422,306	($55,422,306)	$0	$0	$0
	OPERATION & MAINTENANCE EXP.	$24,120,144				
	Nonutility Expense		($35,215)			
	Economic Development Activities		(878)			
	AGA Dues		(2,847)			
	Employee Activities		(13,053)	$24,068,151		
Var.	Net Trend Sch. Adjs. - See Attach. 5A for refs.				($1,967,611)	
46	To reduce O&M due to change in factors				(59,750)	$22,040,790
	TOTAL O & M EXPENSE	$24,120,144	($51,993)	$24,068,151	($2,027,361)	$22,040,790
	CONSERVATION COSTS	$3,122,582	($3,122,582)	$0	$0	$0
	Conservation Costs					
	TOTAL CONSERVATION COSTS	$3,122,582	($3,122,582)	$0	$0	$0

COMPARATIVE NOIs

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES

ATTACHMENT 3
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ISSUE NO.		TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	STAFF ADJS.	STAFF ADJUSTED
			COMPANY		STAFF	
	DEPRECIATION AND AMORT.	$7,395,579				
	Common Plant Depr.		$1,131,596			
	NUI HQ Common Plant		(131,858)			
6	To remove cancelled NUI projects				($302,961)	
6	To remove plant unrelated to City Gas				(15,930)	
4	To retire inactive service lines				(10,290)	
7	To correct for change in non-utility allocation				(761)	
48	To add back depreciation removed twice				115,860	
49	To adjust for revision in depreciation rates				(243,449)	
	TOTAL DEPRECIATION & AMORT.	$7,395,579	$999,738	$8,395,317	($457,531)	$7,937,786
	TAXES OTHER THAN INCOME	$5,543,562				
	Gross receipts, franchise fees		($3,134,516)			
	Regulatory Assessment Fees		(170,474)			
	Common Plant Property Taxes		(21,646)			
51	To adj. RAFS, and Payroll & property taxes				$81,313	
	TOTAL TAXES OTHER THAN INC.	$5,543,562	($3,326,636)	$2,216,926	$81,313	$2,298,239
	INCOME TAX EXPENSE					
	Income Taxes - Federal	($1,807,323)				
	Income Taxes - State	(309,376)				
	Deferred Income Taxes - Federal	1,498,418				
	Deferred Income Taxes - State	296,273				
	FIT & SIT Taxes on Company Adjs.		($649,536)			
	Interest Synchronization - Company Adj.		567,781			
52	Tax Effect of Other Adjustments				$1,059,024	
52	Interest Reconciliation Adjustment				51,909	
	TOTAL INCOME TAXES	($322,008)	($81,755)	($403,763)	$1,110,933	$707,170
	TOTAL OPERATING EXPENSES	$95,282,165	($61,005,534)	$34,276,631	($1,292,646)	$32,983,985
	NET OPERATING INCOME	$5,241,301	($1,644,344)	$3,596,957	$1,703,375	$5,300,332

NET OPERATING INCOME MULTIPLIER

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES

ATTACHMENT 4
23-Dec-03

DESCRIPTION	COMPANY PER FILING	STAFF
REVENUE REQUIREMENT	100.0000%	100.0000%
REGULATORY ASSESSMENT RATE	0.5000%	0.5000%
BAD DEBT RATE	1.6716%	1.3103%
NET BEFORE INCOME TAXES	97.8284%	98.1897%
STATE INCOME TAX RATE	5.5000%	5.5000%
STATE INCOME TAX	5.3806%	5.4004%
NET BEFORE FEDERAL INCOME TAXES	92.4478%	92.7893%
FEDERAL INCOME TAX RATE	34.0000%	34.0000%
FEDERAL INCOME TAX	31.4323%	31.5484%
REVENUE EXPANSION FACTOR	61.0156%	61.2409%
NET OPERATING INCOME MULTIPLIER	1.6389	1.6329

COMPARATIVE REVENUE DEFICIENCY CALCULATIONS

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES

ATTACHMENT 5
23-Dec-03

		COMPANY ADJUSTED	STAFF
RATE BASE (AVERAGE)		$123,421,809	$119,912,995
RATE OF RETURN	X	8.10%	7.36%
REQUIRED NOI		$9,997,167	$8,825,596
Operating Revenues		37,873,588	38,284,317
Operating Expenses:			
Operation & Maintenance		24,068,151	22,040,790
Depreciation & Amortization		8,395,317	7,937,786
Amortization of Environ. Costs		0	0
Taxes Other than Income Taxes		2,216,926	2,298,239
Income Taxes		(403,763)	707,170
Total Operating Expenses		34,276,631	32,983,985
ACHIEVED NOI		3,596,957	5,300,332
NET NOI DEFICIENCY		6,400,210	3,525,264
REVENUE TAX FACTOR		1.6389	1.6329
REVENUE DEFICIENCY		$10,489,303	$5,756,404

CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU
PTY 9/30/04- FINAL RATES

ATTACHMENT 5A
23-Dec-03

	TREND RATES:	BASE YEAR + 1 9/30/2003	PROJECTED TEST YEAR 09/30/2004
# 1	Payroll Rate Increase	1.0300 %	1.0400 %
# 2	General Inflation Rate	1.0230 %	1.0200 %
# 3	Customer Growth Rate	0.9985 %	0.9944 %
# 4	Payroll and General Inflation	1.0537 %	1.0608 %
#5	Payroll and Customer Growth	1.0285 %	1.0342 %
#6	General Inflation and Customer Growth	1.0215 %	1.0143 %

ISSUE NO.	ACCOUNT	BASE YEAR 2002	BASE YEAR + 1 2003	PROJECTED TEST YEAR 2004	TREND BASIS APPLIED
	DISTRIBUTION EXPENSE				
	870 Operation Supervision & Engineering				
	Payroll - not trended	682,902	703,389	792,293	
	Other - trended	243,969	249,206	252,767	6
	Total	926,871	952,595	1,045,060	
	874 Main & Service Expense				
	Payroll - trended	92,150	94,915	98,711	1
	Payroll - not trended	1,340,527	1,380,743	1,623,301	
	Other - trended	126,446	129,160	131,006	6
	Other - not trended	139,214	142,667	132,516	
31	Staff Adjustment - Electric Bills	(19,043)	(19,452)	(19,730)	6
	Total	1,679,294	1,728,033	1,965,804	
	875 Measuring & Regulating Station General				
	Payroll - trended	17,714	18,245	18,975	1
	Other - trended	30	31	31	6
	Total	17,744	18,276	19,006	
	877 Measure & Regulating Station City Gate				
	Payroll - not trended		0	606	
	Total	0	0	606	
	878 Meter & House Regulator Expense				
	Payroll - not trended	328,308	338,157	415,112	
	Other - trended	98,464	100,578	102,015	6
	Other - not trended	336,027	344,360	0	
	Total	762,799	783,095	517,127	
	879 Customer Service Expense				
	Payroll - not trended	90,758	93,481	66,628	
	Other - not trended	27,029	27,699	30,359	
	Total	117,787	121,180	96,987	

ISSUE NO.			BASE YEAR 2002	BASE YEAR + 1 2003	PROJECTED TEST YEAR 2004	TREND BASIS APPLIED
	880	Other Expense Maps & Records				
		Payroll - trended	31,463	32,407	33,703	1
		Payroll - not trended	524,245	539,972	592,925	
		Other - trended	280,436	286,456	290,549	6
		Other - not trended	(132,486)	(135,772)	121,886	
		Other - not trended	305,594	313,173	12,000	
31		Staff adjustment - Non-Utility Expenses	(45,286)	(46,258)	(46,919)	6
		Total	963,966	989,977	1,004,144	
		Total Distribution Expense	$4,468,461	$4,593,156	$4,648,733	
		MAINTENANCE EXPENSE				
	885	Maintenance Supervision & Engineering				
		Payroll - trended	55,367	57,028	59,309	1
		Other - trended	33,470	34,188	34,677	6
		Total	88,837	91,216	93,986	
	886	Maintenance of Structures & Improvements				
		Other - trended	19,260	19,703	20,097	2
		Total	19,260	19,703	20,097	
	887	Maintenance of Mains				
		Payroll - trended	88,720	91,382	95,037	1
		Other - trended	477,484	487,733	494,702	6
		Total	566,204	579,115	589,739	
	889	Maintenance of Meas. & Reg. Station General				
		Payroll - trended	3,739	3,851	4,005	1
		Total	3,739	3,851	4,005	
	890	Maintenance of Meas. & Reg. Station Industrial				
		Payroll - trended	56,997	58,707	61,055	1
		Other - trended	23,534	24,039	24,383	6
		Total	80,531	82,746	85,438	
	891	Maintenance of Meas. & Reg. Station City Gate				
		Payroll - trended	36,987	38,097	39,620	1
		Other - trended	7,310	7,467	7,574	6
32		Staff adjustment - To increase odorant costs	15,007	15,329	15,548	6
		Total	59,304	60,893	62,742	
	892	Maintenance of Services				
		Payroll - trended	10,238	10,545	10,967	1
		Payroll - not trended	35,704	36,775	54,283	
		Other - trended	86,023	87,870	89,125	6
		Total	131,965	135,190	154,375	
	893	Maintenance of Meters & House Regulators				
		Payroll - trended	132,127	136,091	141,534	1
		Other - trended	44,624	45,582	46,233	6
		Total	176,751	181,673	187,768	

ISSUE NO.		BASE YEAR 2002	BASE YEAR + 1 2003	PROJECTED TEST YEAR 2004	TREND BASIS APPLIED
	894 Maintenance of Other Equipment				
	Other - trended	8,449	8,630	8,754	6
	Total	8,449	8,630	8,754	
	Total Maintenance Expense	$1,135,040	$1,163,017	$1,206,904	
	CUSTOMER ACCOUNT EXPENSE				
	901 Supervision				
	Other - trended	14,395	14,704	14,914	6
	Total	14,395	14,704	14,914	
	902 Meter Reading Expense				
	Payroll - trended	408,690	420,951	437,789	1
	Other - trended	68,626	70,099	71,101	6
	Other - not trended	18,226	18,678	38,531	
	Total	495,542	509,728	547,420	
	903 Customer Records & Collections				
	Payroll - not trended	999,704	1,029,695	(1,073,947)	
	Payroll - not trended	45,765	47,138	1,207,193	
	Other - not trended	1,215,656	1,245,804	1,461,359	
33	Staff adjustment - To adjust UBS costs			(117,831)	
	Total	2,261,125	2,322,637	1,476,774	
	904 Uncollectible Accounts				
	Other - trended	1,200,000	1,225,759	1,243,272	6
34	Staff adjustment - Bad Debt Expense		0	(255,258)	
	Total	1,200,000	1,225,759	988,014	
	Total Customer Account Expense	$3,971,062	$4,072,827	$3,027,123	
	SALES EXPENSE				
	909 ECP				
	Payroll - not trended	423,410	436,112	590,900	
	Other - not trended	1,120,964	1,148,764	2,531,682	
	Total	1,544,374	1,584,876	3,122,582	
	911 Supervision				
	Payroll - not trended	164,596	169,534	311,922	
	Other - not trended	3,376	3,460	4,894	
	Total	167,972	172,994	316,816	
	912 Selling & Demonstrating Expense				
	Payroll - trended	8,037	8,278	8,609	1
	Payroll - not trended	282,584	291,062	450,533	
	Other - trended	65,659	67,068	68,027	6
	Other - not trended	82,527	84,574	347,400	
	Other - not trende - Amort. of def. piping	376,164	385,493	328,740	
36	Staff adjustment - To remove Demon. & Selling		0	(513,644)	
	Total	814,971	836,476	689,665	

ISSUE NO.		BASE YEAR 2002	BASE YEAR + 1 2003	PROJECTED TEST YEAR 2004	TREND BASIS APPLIED
	913 Advertising Expense				
	Other - trended	7,037	7,188	7,291	6
	Other - not trended		0	210,000	
35	Staff adjustment - To remove advertising costs		0	(210,000)	
	Total	7,037	7,188	7,291	
	916 Miscellaneous Sales Expense				
	Other - trended	9,331	9,531	9,667	6
	Other - not trended	31,665	32,450	66,000	
36	Staff adjustment - To adj. Misc. Sales Exp.			(33,191)	
	Total	40,996	41,981	42,476	
	Total Sales Expense	$2,575,350	$2,643,515	$4,178,830	
	ADMINISTRATIVE & GENERAL EXPENSES				
	920 Administrative & General Salaries				
	Payroll - trended	246,886	254,293	264,464	1
	Total	246,886	254,293	264,464	
	921 Office Supplies & Expenses				
	Other - trended	1,918,906	1,963,041	2,002,302	2
	Other - not trended	835	835	0	
31	Staff adjustment - Ankron Plaza Rent	(6,225)	(6,368)	(6,496)	2
31	Staff adjustment - Copy machine rent	(548)	(561)	(572)	2
31	Staff adjustment - Minolta costs	(622)	(636)	(649)	2
38	Staff adjustment - Donation alloc'd in	(34,149)	(34,934)	(35,633)	2
37	Staff adjustment - To remove written off Exp.	(314,691)	(321,929)	(328,367)	2
39	Staff adjustment - To adjust AGA Dues		(12,920)	(13,178)	2
	Total	1,563,506	1,586,528	1,617,407	
	923 Outside Services Employed				
	Other - trended	2,720,917	2,783,498	2,839,168	2
	Other - not trended	864,442	885,880	2,373,697	
	Other - not trended	1,175,768	1,204,927	1,757,142	
	Total	4,761,127	4,874,305	6,970,007	
	925 Injuries & Damages				
	Other - not trended	847,806	868,832	1,244,650	
41	Staff adjustment - To adj. for NUI alloc change		0	(336,952)	
	Total	847,806	868,832	907.698	
	926 Employee Pensions/Benefits				
	Other - not trended	748,502	767,065	1,398,339	
	Other - not trende - Pensions & Stock Grants	53,129	54,447	705,013	
	Other - trended	65,983	67,501	68,851	2
42	Staff adjustment - To remove duplicate exp.		0	(50,960)	2
	Total	867,614	889.013	2,121,243	

ISSUE NO.		BASE YEAR 2002	BASE YEAR + 1 2003	PROJECTED TEST YEAR 2004	TREND BASIS APPLIED
	928 Regulatory Commission Expense				
	Other - not trende - Rate Case Expense	85,404	85,404	165,090	
43	Staff adjustment - To adj to actual		0	(5,671)	
	Total	85,404	85,404	159,419	
	930.2 Miscellaneous General Expenses				
	Other - trended	2,287	2,340	2,386	2
	Total	2,287	2,340	2,386	
	931 Rents				
	Other - trended	114,305	116,934	119,273	2
31	Staff adjustment - 74th St. rent	(7,771)	(7,950)	(8,109)	2
	Total	106,534	108,984	111,164	
	Total Administrative & General Expenses	$8,481,164	$8,669,698	$12,153,788	
	TOTAL OPERATION & MAINTENANCE EXPENSES	$20,631,077	$21,142,213	$25,215,378	
			Less: Company Adjs.	(3,174,575)	
			Adj. O&M per NOI	$22,040,803	

	2004 Per Company	Staff Adjustments	2004 Per Staff
Total Payroll - trended	$1,273,780	($0)	$1,273,780
Total Payroll - not trended	5,031,749	0	5,031,749
Total Other - trended	8,007,912	(59,750)	7,948,162
Total Other - not trended	12,929,298	0	12,929,298
Total Company Adjustments	(3,174,575)	0	(3,174,575)
Total Staff Adjustments to Accounts		(1,967,611)	(1,967,611)
Total net O&M	$24,068,164	($2,027,361)	$22,040,803

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

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
302 FRANCHISES AND CONSENTS	141,459		141,459		
303 MISC INTANGIBLE PLANT	14,728		**14,728**		
LOCAL STORAGE PLANT	**156,187**		156,187		100% capacity
INTANGIBLE PLANT:	**0**				100% capacity
PRODUCTION PLANT	**0**				100% capacity
DISTRIBUTION PLANT:	**0**				100% capacity
374 Land and Land Rights	55,027		55,027		100% capacity
375 Structures and Improvements	434,618		434,618		100% capacity
376 Mains	123,183,185		123,183,185		100% capacity
377 Comp.Sta.Eq.	0				100% capacity
378 Meas.& Reg.Sta.Eq.-Gen	0				100% capacity
379 Meas.& Reg.Sta.Eq.-CG	5,574,353		5,574,353		100% capacity
380 Services	40,087,555	40,087,555			100% customer
381- 382 Meters	12,133,938	12,133,938			100% customer
383- 384 House Regulators	3,248,831	3,248,831			100% customer
385 Industrial Meas.& Reg.Eq.	2,752,375		2,752,375		100% capacity
386 Property on Customer Premises	0				ac 374-385
387 Other Equipment	155,827	46,108	109,719		ac 374-386
Total Distribution Plant	**187,781,896**	**55,516,432**	**132,265,464**	**0**	
GENERAL PLANT:	**13,893,404**	**6,946,702**	**6,946,702**	**0**	50% customer, 50% capacity
TOTAL DIST/INTANGIBLE/GENERAL	**201,675,300**	**62,463,134**	**139,212,166**	**0**	
PLANT ACQUISITIONS:	**1,462,697**	**0**	**1,462,697**	**0**	100% capacity
GAS PLANT FOR FUTURE USE:	**0**	**0**	**0**	**0**	100% capacity
CWIP:	**6,452,439**	**1,907,619**	**4,544,820**	**0**	dist.plant
TOTAL PLANT	**209,590,436**	**64,370,753**	**145,219,683**	**0**	

COST OF SERVICE
CLASSIFICATION OF RATE BASE
(PAGE 2 OF 2: ACCUMULATED DEPRECIATION)

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	**98,885**	0	98,885	0	related plant
INTANGIBLE PLANT	**0**	0		0	
DISTRIBUTION PLANT:					
374 Land and Land Rights	0	0		0	"
375 Structures and Improvements	169,672	0	169,672	0	"
376 Mains	49,205,588	0	49,205,588	0	"
377 Comp.Sta.Eq.	0	0	0	0	"
378 Meas.& Reg.Sta.Eq.-Gen	0	0		0	"
379 Meas.& Reg.Sta.Eq.-CG	1,645,954	0	1,645,954	0	"
380 Services	21,590,079	21,590,079	0	0	"
381- 382 Meters	4,489,838	4,489,838	0	0	
383- 384 House Regulators	1,356,031	1,356,031	0	0	
385 Industrial Meas.& Reg.Eq.	964,901	0	964,901	0	"
386 Property on Customer Premises	0	0		0	"
387 Other Equipment	169,737	50,223	119,514	0	"
Total Distribution Plant	**79,591,800**	**27,486,171**	**52,105,629**	**0**	
GENERAL PLANT:	**7,554,254**	**3,777,127**	**3,777,127**	**0**	general plant
AMORT. ACQ. ADJUSTMENT	**226,472**	**0**	**226,472**	**0**	plant acquisitions
RETIREMENT WORK IN PROGRESS:		**0**	**0**	**0**	distribution plant
CUST. ADVANCES FOR CONSTRUCTION					50% customer 50% capacity
TOTAL ACCUMULATED DEPRECIATION	**87,471,411**	**31,263,298**	**56,208,113**	**0**	
NET PLANT (Plant less Accum.Dep.)	**122,119,025**	**33,107,455**	**89,011,570**	**0**	
less: CUSTOMER ADVANCES	**0**	**0**	**0**		50% cust 50% cap
plus: WORKING CAPITAL	**(2,214,627)**	**(1,200,140)**	**(793,573)**	**(220,914)**	oper. and maint. exp.
equals: TOTAL RATE BASE	**119,904,398**	**31,907,314**	**88,217,998**	**(220,914)**	

COST OF SERVICE
CLASSIFICATION OF EXPENSES
(PAGE 1 OF 2)

COMPANY NAME: **CITY GAS COMPANY OF FLORIDA**
DOCKET NO. **030569-GU**

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
OPERATIONS AND MAINTENANCE EXPENSES					
LOCAL STORAGE PLANT:	**0**	**0**	**0**	**0**	**ac 301-320**
PRODUCTION PLANT	**0**	**0**	**0**	**0**	**100% capacity**
DISTRIBUTION:					
870 Operation Supervision & Eng.	1,045,060	440,924	604,136	0	ac 871-879
871 Dist.Load Dispatch			0		100% capacity
872 Compr.Sta.Lab. & Ex.			0	0	ac 377
873 Compr.Sta.Fuel & Power				0	100% commodity
874 Mains and Services	1,965,805	482,660	1,483,145	0	ac376+ac380
875 Meas.& Reg. Sta.Eq.-Gen	19,006	0	19,006	0	ac 378
876 Meas.& Reg. Sta.Eq.-Ind.		0	0	0	ac 385
877 Meas.& Reg. Sta.Eq.-CG	606	0	606	0	ac 379
878 Meter and House Reg.	517,127	517,127	0	0	ac381+ac383
879 Customer Instal.	96,987	96,987	0	0	ac 386
880 Other Expenses	1,004,140	395,643	608,497	0	ac 387
881 Rents	0		0		100% capacity
885 Maintenance Supervision	93,986	29,113	64,873	0	ac886-894
886 Maint. of Struct. and Improv.	20,097	0	20,097	0	ac375
887 Maintenance of Mains	589,737	0	589,737	0	ac376
888 Maint. of Comp.Sta.Eq.		0	0	0	ac 377
889 Maint. of Meas.& Reg. Sta.Eq.-Gen	4,005	0	4,005	0	ac 378
890 Maint. of Meas.& Reg. Sta.Eq.-Ind.	85,436	0	85,436	0	ac 385
891 Maint. of Meas.& Reg.Sta.Eq.-CG	62,742	0	62,742	0	ac 379
892 Maintenance of Services	154,375	154,375	0	0	ac 380
893 Maint. of Meters and House Reg.	187,769	187,769	0	0	ac381-383
894 Maint. of Other Equipment	8,753	2,590	6,163	0	ac387
Total Distribution Expenses	**5,855,631**	**2,307,188**	**3,548,443**	**0**	
CUSTOMER ACCOUNTS:					
901 Supervision	14,914	14,914			
902 Meter-Reading Expense	547,421	547,421			
903 Records and Collection Exp.	1,441,559	1,441,559			
904 Uncollectible Accounts	987,812			987,812	100% commodity
905 Misc. Expenses	0	0			
Total Customer Accounts	**2,991,706**	**2,003,894**	**0**	**987,812**	
(907-910) CUSTOMER SERV.& INFO. EXP.	**0**	**0**			
(911-916) SALES EXPENSE	**1,055,317**	**1,055,317**			100% CUSTOMER
(932) MAINT. OF GEN. PLANT		***0***	***0***	***0***	
(920-931) ADMINISTRATION AND GENERAL	**12,137,253**	**6,577,362**	**4,349,172**	**1,210,718**	O&M excl. A&G
TOTAL O&M EXPENSE	**22,039,907**	**11,943,761**	**7,897,615**	**2,198,530**	

COST OF SERVICE
CLASSIFICATION OF EXPENSES
(Page 2 of 2)

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
DEPRECIATION AND AMORTIZATION EXPENSE:						
Depreciation Expense	$7,812,458	$2,118,021	$5,694,437	$0		Net plant
Amort. of Environmental			$0			100% capacity
Amort. of Property Loss			$0			100% capacity
Amort. of lease improvements/other			$0			Intan/dist/gen plant
Amort. of Acquisitiion Adj.	$46,740	$14,475	$32,265			Intan/dist/gen plant
Amort. of Conversion Costs	$78,588			$78,588		100% commodity
Total Deprec. and Amort. Expense	**7,937,786**	**2,132,496**	**5,726,702**	**78,588**	**0**	
TAXES OTHER THAN INCOME TAXES:						
Revenue Related	$377,568				$377,568	100% revenue
Other	$1,859,762	$504,197	$1,355,565	$0		Net plant
Total Taxes other than Income Taxes	**2,237,330**	**504,197**	**1,355,565**	**0**	**377,568**	
REV.CRDT TO COS (NEG.OF OTHR OPR.REV)	**($1,015,170)**	**($1,015,170)**				100% customer
RETURN (REQUIRED NOI)	**$8,824,964**	**$2,348,378**	**$6,492,845**	**($16,259)**		Rate base
INCOME TAXES	**$730,532**	**$194,399**	**$537,479**	**($1,346)**	**$0**	Return(noi)
TOTAL OVERALL COST OF SERVICE	**40,755,349**	**16,108,061**	**22,010,206**	**2,259,513**	**377,568**	

FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY (SUMMARY)

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

SUMMARY:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE
ATTRITION	0	0	0	0	
OPERATION AND MAINTENANCE EXPENSE	22,039,907	11,943,761	7,897,615	2,198,530	
LESS O&M DIRECT ASSIGNMENTS	(3,500,249)	(1,341,931)	(2,158,318)	0	
NET O&M	18,539,658	10,601,830	5,739,298	2,198,530	0
DEPRECIATION EXPENSE	7,812,458	2,118,021	5,694,437	0	0
AMORT. OF OTHER GAS PLANT	0	0	0	0	0
AMORT. OF PROPERTY LOSS	0	0	0	0	0
AMORT. OF LIMITED-TERM INVESTMENT	0	0	0	0	0
AMORT. OF ACQUISITION ADJUSTMENT	46,740	14,475	32,265	0	0
AMORT. OF CONVERSION COSTS	78,588	0	0	78,588	0
TAXES OTHER THAN INCOME TAXES	2,237,330	504,197	1,355,565	0	377,568
RETURN	8,824,964	2,348,378	6,492,845	(16,259)	0
INCOME TAXES	730,532	194,399	537,479	0	0
REV.CRD. TO COS	(1,015,170)	(1,015,170)	0	0	0
TOTAL COST OF SERVICE	**40,755,349**	**16,108,061**	**22,010,206**	**2,259,513**	**377,568**
RATE BASE	**119,904,398**	**31,907,314**	**88,217,998**	**(220,914)**	**0**
less: Rate Base direct assignments	**(103,799,447)**	**(28,034,376)**	**(75,765,071)**	**0**	**0**
NET RATE BASE	**16,104,951**	**3,872,938**	**12,452,927**	**(220,914)**	**0**

KNOWN DIRECT & SPECICAL ASSIGNMENTS:

RATE BASE ITEMS (PLANT-ACC.DEP):	TOTAL	CUSTOMER	CAPACITY	COMMODITY
381-382 METERS	7,644,100	7,644,100	0	0
383-384 HOUSE REGULATORS	1,892,800	1,892,800	0	0
385 INDUSTRIAL MEAS.& REG.EQ.	1,787,474	0	1,787,474	0
376 MAINS	73,977,597	0	73,977,597	0
380 SERVICES	18,497,476	18,497,476	0	0
378 MEAS.& REG.STA.EQ.-GEN.	0	0	0	0
Total Rate Base Direct Assignments	**103,799,447**	**28,034,376**	**75,765,071**	**0**

O&M ITEMS	TOTAL	CUSTOMER	CAPACITY	COMMODITY
892 Maint. of Services O & M ITEMS	154,375	154,375	0	0
876 MEAS.& REG.STA.EQ.IND.	0	0	0	0
878 METER & HOUSE REG.	517,127	517,127	0	0
890 MAINT.OF MEAS.& REG.STA.EQ.-IND.	85,436	0	85,436	0
893 MAINT.OF METERS AND HOUSE REG.	187,769	187,769	0	0
874 MAINS AND SERVICES	1,965,805	482,660	1,483,145	0
887 MAINT. OF MAINS	589,737	0	589,737	0
Total O&M Direct Assignments	**3,500,249**	**1,341,931**	**2,158,318**	**0**

DOCKET NO. 030569-GU

DECEMBER 23, 2003

COST OF SERVICE
DEVELOPMENT OF ALLOCATION FACTORS

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
CUSTOMER COSTS																
No. of Customers	101,807	18,549	43,579	33,768	1,229	2,186	1,742	331	79	50	30	12	248	3	1	
Weighting	N/A	1.00	1.30	1.69	2.25	3.61	4.57	6.78	14.36	17.68	23.06	63.11	1.00	4.57	0.00	n/a
Weighted No. of Customers	156,866	18,549	56,652	57,068	2,766	7,890	7,959	2,246	1,140	884	692	757	248	14	0	0
Allocation Factors	**100%**	**11.8249%**	**36.1152%**	**36.3801%**	**1.7631%**	**5.0299%**	**5.0740%**	**1.4317%**	**0.7270%**	**0.5635%**	**0.4410%**	**0.4828%**	**0.1581%**	**0.0087%**	**0.0000%**	**0.0000%**
house reg allocator - uses only res customers	95,961	18,166	43,431	33,387	873	104										
	100%	18.93020%	45.25906%	34.79271%	0.90940%	0.10864%										
No. of Customers: Total Annual Bills	1,221,668	222,591	522,945	405,217	14,750	26,228	20,900	3,975	953	600	360	126	2,976	36	12	0
CAPACITY COSTS																
Peak & Avg. Month Sales Vol. (therms)	17,095,931	207,066	1,446,996	2,383,814	227,727	1,296,143	3,712,361	2,062,845	1,141,142	1,498,235	2,065,940	1,041,464	11,080	1,118	0	0
DCQ's	35,873								2,072	6,740	9,853	8,372			8,836	
Allocation Factors	100%	**1.2112%**	**8.4640%**	**13.9437%**	**1.3321%**	**7.5816%**	**21.7149%**	**12.0663%**	**6.6749%**	**8.7637%**	**12.0844%**	**6.0919%**	**0.0648%**	**0.0065%**	**0.0000%**	**0.0000%**
Industrial Meas. & Reg. Sta. Eq.	11,534,185	**0**	**0**	**0**	**0**	**0**	**3,712,361**	**2,062,845**	**1,141,142**	**1,498,235**	**2,065,940**	**1,041,464**	**11,080**	**1,118**	**0**	**0**
							32.19%	**17.88%**	**9.89%**	**12.99%**	**17.91%**	**9.03%**	**0.10%**	**0.01%**	**0.00%**	**0.00%**
COMMODITY COSTS																
Annual Sales Vol.(therms)	111,282,561	1,048,530	7,312,260	10,686,950	1,120,500	7,276,670	20,541,864	11,533,090	6,313,260	8,801,385	12,931,652	16,871,740	66,480	12,000	6,766,180	
Allocation Factors	**100%**	**0.9422%**	**6.5709%**	**9.6034%**	**1.0069%**	**6.5389%**	**18.4592%**	**10.3638%**	**5.6732%**	**7.9090%**	**11.6206%**	**15.1612%**	**0.0597%**	**0.0108%**	**6.0802%**	
REVENUE-RELATED COSTS																
Tax on Cust., Cap. & Commod.	151,820	8,252	30,826	34,012	2,352	9,424	21,795	12,263	6,577	6,602	8,908	8,245	155	12	1,678	718
Allocation Factors	**100.0000%**	**5.4355%**	**20.3040%**	**22.4030%**	**1.5494%**	**6.2074%**	**14.3558%**	**8.0773%**	**4.3323%**	**4.3488%**	**5.8675%**	**5.4309%**	**0.1021%**	**0.0076%**	**1.1053%**	**0.4732%**
Allocation Factors Excluding Direct Assign	**101.3278%**	**6.5293%**	**24.3900%**	**26.9113%**	**1.8611%**	**7.4565%**	**17.2447%**	**9.7027%**	**5.2041%**	**0.0000%**	**0.0000%**	**0.0000%**	**0.1227%**	**0.0092%**	**1.3278%**	**0.5684%**

DOCKET NO. 030569-GU

DECEMBER 23, 2003

COST OF SERVICE
ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
RATE BASE BY CUSTOMER CLASS																
DIRECT AND SPECIAL ASSIGNMENTS:																
Customer																
Meters	7,644,100	903,908	2,760,678	2,780,933	134,769	384,487	387,864	109,442	55,573	43,077	33,712	36,904	12,085	668	0	0
House Regulators	1,892,800	358,311	856,663	658,556	17,213	2,056	0	0	0	0	0	0	0	0	0	0
Services	18,497,476	2,134,183	6,518,136	6,565,958	318,199	907,798	915,770	258,399	131,212	101,709	79,595	87,133	28,534	1,577	449,272	0
General Plant	3,169,575	374,799	1,144,697	1,153,095	55,881	159,425	160,825	45,379	23,043	17,862	13,978	15,302	5,011	277	0	0
All Other	703,363	82,344	251,493	253,338	12,277	35,026	35,334	9,970	5,063	3,924	3,071	3,362	1,101	61		7,000
Total Customer	31,907,314	3,853,545	11,531,668	11,411,880	538,340	1,488,792	1,499,793	423,190	214,891	166,572	130,356	142,702	46,731	2,583	449,272	7,000
Capacity																
Industrial Meas. & Reg. Sta. Eq.	1,787,474	0	0	0	0	0	523,814	291,067	161,015	211,401	291,504	146,951	1,563	158	160,000	
Meas. & Reg. Sta. Eq.-Gen.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Mains	67,864,523	821,977	5,744,040	9,462,859	903,993	5,145,207	14,736,701	8,188,730	4,529,911	5,947,439	8,201,018	4,134,226	43,984	4,439	0	
Mains Large Volume	6,113,074										484,800	3,044,700			2,583,574	
General Plant	3,169,575	38,390	268,272	441,958	42,220	240,304	688,269	382,450	211,567	277,772	383,024	193,087	2,054	207	0	
All Other	9,283,352	112,440	785,741	1,294,447	123,659	703,825	2,015,869	1,120,156	619,657	813,564	1,121,837	565,531	6,017	607	0	
Total Capacity	88,217,998	972,807	6,798,054	11,199,263	1,069,873	6,089,337	17,964,654	9,982,404	5,522,151	7,250,176	10,482,183	8,084,494	53,618	5,411	2,743,574	
Commodity																
Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
All Other	(220,914)	(2,082)	(14,516)	(21,215)	(2,224)	(14,445)	(40,779)	(22,895)	(12,533)	(17,472)	(25,671)	(33,493)	(132)	(24)	(13,432)	
Total	(220,914)	(2,082)	(14,516)	(21,215)	(2,224)	(14,445)	(40,779)	(22,895)	(12,533)	(17,472)	(25,671)	(33,493)	(132)	(24)	(13,432)	
TOTAL	119,904,398	4,824,271	18,315,206	22,589,928	1,605,988	7,563,683	19,423,668	10,382,699	5,724,509	7,399,276	10,586,867	8,193,702	100,216	7,971	3,179,414	7,000

DOCKET NO. 030569-GU

DECEMBER 23, 2003

COST OF SERVICE
ALLOCATION OF EXPENSES TO CUSTOMER CLASSES

ATTACHMENT 6
PAGE 8 OF 16

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
Customer	14,076,257	1,641,978	5,054,863	5,051,656	244,813	698,433	704,567	198,805	100,951	78,252	61,238	27,038	21,953	1,214	0	
Capacity	13,194,525	149,831	1,072,749	1,101,167	163,795	677,304	1,775,529	1,209,921	619,060	318,763	378,443	480,326	247,654	506	138,763	
Commodity	2,277,118	22,797	158,979	232,350	24,361	158,206	446,610	250,746	137,260	191,355	281,153	366,816	1,445	261	4,778	
Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	29,547,900	1,814,606	6,286,591	6,385,173	432,969	1,533,943	2,926,707	1,659,472	857,270	588,370	720,834	874,180	271,053	1,980	143,541	0
OPERATIONS AND MAINTENANCE EXPENSE:																
DIRECT AND SPECIAL ASSIGNMENTS																
Customer																
878 Meters and House Regulators	517,127	61,150	186,761	188,131	9,117	26,011	26,239	7,404	3,760	2,914	2,281	2,497	818	45	0	
893 Maint. of Meters & House Reg	187,769	22,204	67,813	68,311	3,310	9,445	9,527	2,688	1,365	1,058	828	907	297	16	0	
874 Mains & Services	482,660	57,074	174,314	175,592	8,510	24,277	24,490	6,910	3,509	2,720	2,129	2,330	763	42	0	
892 Maint. of Services	154,375	18,255	55,753	56,162	2,722	7,765	7,833	2,210	1,122	870	681	745	244	13	0	
All Other	10,601,830	1,231,130	3,800,068	3,787,655	183,557	523,675	528,274	149,061	75,691	58,672	45,915	10,264	16,460	910	0	190,498
Total	11,943,761	1,389,812	4,284,709	4,275,851	207,216	591,172	596,364	168,273	85,447	66,234	51,833	16,743	18,582	1,027	0	190,498
Capacity																
876 Measuring & Reg. Sta. Eq.- I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
890 Maint. of Meas.& Reg.Sta.Eq.-I	85,436	0	0	0	0	0	0	0	0	27,786	38,315	19,315	0	21	0	0
874 Mains and Services	1,412,383	17,107	144,544	196,939	18,814	137,081	306,697	210,422	94,276	113,777	145,678	26,041	915	92	0	0
874 Mains and Services LV	70,761	0	0	0	0	0	0	0	0	0	9,720	61,042	0	0	0	0
887 Maint. of Mains	561,600	6,802	47,534	78,308	7,481	42,578	121,951	67,764	37,486	49,217	67,866	34,212	364	37	0	0
887 Maint. of Mains LV	28,137	0	0	0	0	0	0	0	0	0	3,865	24,272	0	0	0	0
All Other	5,442,724	125,922	880,671	825,920	137,500	497,645	1,346,881	931,735	487,298	127,984	36,720	40,564	3,527	356	0	
All Other LV	296,574	0	0	0	0	0	0	0	0	0	37,612	236,213	0	0	22,750	0
Total	7,897,615	149,831	1,072,749	1,101,167	163,795	677,304	1,775,529	1,209,921	619,060	318,763	339,775	441,658	4,807	506	22,750	0
Commodity																
Account #	0	0	0	0	0	0										
All Other	2,198,530	22,056	153,815	224,803	23,570	153,067	432,104	242,602	132,801	185,140	272,021	354,902	1,398	252		
Total	2,198,530	22,056	153,815	224,803	23,570	153,067	432,104	242,602	132,801	185,140	272,021	354,902	1,398	252	0	0
TOTAL O&M	22,039,907	1,561,700	5,511,273	5,601,821	394,581	1,421,542	2,803,996	1,620,796	837,308	570,137	663,629	813,302	24,787	1,785	22,750	190,498
DEPRECIATION EXPENSE:																
Customer	2,118,021	250,454	764,926	770,538	37,342	106,533	107,469	30,324	15,398	11,936	9,341	10,225	3,349	185	0	0
Capacity	5,296,909	64,156	448,329	738,588	70,558	401,590	1,150,218	639,140	353,565	464,205	640,099	322,681	3,433	346	0	0
Capacity LV	397,528	0	0	0	0	0	0	0	0	0	38,668	242,847	0	0	116,013	0
Total	7,414,930	314,610	1,213,256	1,509,126	107,900	508,123	1,257,686	669,464	368,963	476,141	688,108	575,754	6,781	532	116,013	0
AMORT. OF ENVIRONMENTAL																
Capacity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
AMORT OF PROPERTY LOSS:																
Capacity	0	0	0	0	0	0										
AMORT OF LEASEHOLD / OTHER																
Capacity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
AMORT. OF ACQUISITION ADJ.:																
Customer	14,475	1,712	5,228	5,266	255	728	734	207	105	82	64	70	23	1	0	0
Capacity	32,265	391	2,731	4,499	430	2,446	7,006	3,893	2,154	2,828	3,899	1,966	21	2	0	0
Total	46,740	2,102	7,959	9,765	685	3,174	7,741	4,100	2,259	2,909	3,963	2,035	44	3	0	0
AMORT. OF CONVERSION COSTS:																
Commodity	78,588	740	5,164	7,547	791	5,139	14,507	8,145	4,458	6,216	9,132	11,915	47	8	4,778	0

DOCKET NO. 030569-GU

DECEMBER 23, 2003

COST OF SERVICE
ALLOCATION OF EXPENSES TO CUSTOMER CLASSES

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO.: 030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
TAXES OTHER THAN INCOME TAXES:																
Customer	504,197	59,621	182,091	183,427	8,889	25,360	25,583	7,219	3,666	2,841	2,224	2,434	797	44	0	0
Capacity	1,243,550	15,062	105,254	173,397	16,565	94,281	270,035	150,050	83,006	108,981	150,275	75,756	806	81	0	0
Capacity LV	112,016	0	0	0	0	0	0	0	0	0	8,883	55,791	0	0	47,341	0
Subtotal	1,747,746	74,683	287,345	356,825	25,454	119,641	295,618	157,269	86,672	111,822	161,382	133,981	1,603	125	47,341	0
Revenue	377,568	20,523	76,662	84,587	5,850	23,437	54,203	30,497	16,357	16,420	22,154	20,505	386	29	4,173	1,787
Total	**2,125,314**	**95,205**	**364,007**	**441,411**	**31,304**	**143,078**	**349,821**	**187,766**	**103,029**	**128,242**	**183,536**	**154,486**	**1,989**	**154**	**51,515**	**1,787**
RETURN (NOI)																
Customer	2,348,378	283,621	848,731	839,914	39,622	109,575	110,385	31,147	15,816	12,260	9,594	10,503	3,439	190	33,066	515
Capacity	6,042,922	71,599	500,337	824,266	78,743	448,175	1,322,199	734,705	406,430	533,613	735,807	370,929	3,946	398	11,776	0
Capacity LV	449,922	0	0	0	0	0	0	0	0	0	35,681	224,090	0	0	190,151	0
Commodity	(16,259)	(153)	(1,068)	(1,561)	(164)	(1,063)	(3,001)	(1,685)	(922)	(1,286)	(1,889)	(2,465)	(10)	(2)	(989)	0
Total	**8,824,964**	**355,066**	**1,347,999**	**1,662,619**	**118,201**	**556,687**	**1,429,582**	**764,167**	**421,324**	**544,587**	**779,193**	**603,056**	**7,376**	**587**	**234,005**	**515**
INCOME TAXES																
Customer	194,399	23,478	70,258	69,528	3,280	9,071	9,138	2,578	1,309	1,015	794	869	285	16	2,737	43
Capacity	493,065	5,972	41,733	68,752	6,568	37,382	107,068	59,495	32,912	43,211	59,584	30,037	320	32	0	0
Capacity LV	44,414	0	0	0	0	0	0	0	0	0	3,522	22,121	0	0	18,771	0
Commodity	(1,346)	(13)	(88)	(129)	(14)	(88)	(248)	(139)	(76)	(106)	(156)	(204)	(1)	(0)	(82)	0
Total	**730,532**	**29,438**	**111,903**	**138,151**	**9,834**	**46,365**	**115,958**	**61,933**	**34,145**	**44,119**	**63,744**	**52,823**	**603**	**48**	**21,426**	**43**
REVENUE CREDITED TO COS:																
Customer	**(1,015,170)**	**(143,619)**	**(286,578)**	**(240,016)**	**(31,849)**	**(154,267)**	**(128,535)**	**(24,446)**	**(5,861)**							
TOTAL COST OF SERVICE:																
Customer	16,108,061	1,865,079	5,869,365	5,904,510	264,755	688,172	721,137	215,302	115,880	94,368	73,850	40,844	26,474	1,464	35,804	191,056
Capacity	20,610,854	307,011	2,171,132	2,910,669	336,658	1,661,178	4,632,055	2,797,205	1,497,127	1,471,600	1,878,244	921,500	13,332	1,366	11,776	0
Capacity LV	1,399,353	0	0	0	0	0	0	0	0	0	137,951	866,376	0	0	395,026	0
Commodity	2,259,513	22,631	157,822	230,659	24,184	157,054	443,361	248,922	136,261	189,963	279,107	364,147	1,435	259	3,708	0
Subtotal	40,377,781	2,194,720	8,198,320	9,045,838	625,596	2,506,405	5,796,553	3,261,429	1,749,268	1,755,931	2,369,152	2,192,867	41,241	3,089	446,314	191,056
Revenue	377,568	20,523	76,662	84,587	5,850	23,437	54,203	30,497	16,357	16,420	22,154	20,505	386	29	4,173	1,787
Total	**40,755,349**	**2,215,243**	**8,274,982**	**9,130,424**	**631,446**	**2,529,842**	**5,850,756**	**3,291,926**	**1,765,625**	**1,772,350**	**2,391,306**	**2,213,373**	**41,627**	**3,118**	**450,487**	**192,842**

DOCKET NO. 030569-GU

DECEMBER 23, 2003

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

SUMMARY	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
RATE BASE	119,904,398	4,824,271	18,315,206	22,589,928	1,605,988	7,563,683	19,423,668	10,382,699	5,724,509	7,399,276	10,586,867	8,193,702	100,216	7,971	3,179,414	7,000
ATTRITION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATION AND MAINTENANCE	22,039,907	1,561,700	5,511,273	5,601,821	394,581	1,421,542	2,803,996	1,620,796	837,308	570,137	663,629	813,302	24,787	1,785	22,750	190,498
DEPRECIATION	7,812,458	314,610	1,213,256	1,509,126	107,900	508,123	1,257,686	669,464	368,963	476,141	688,108	575,754	6,781	532	116,013	0
AMORTIZATION EXPENSES	125,328	2,843	13,123	17,312	1,476	8,313	22,247	12,245	6,717	9,125	13,095	13,950	91	12	4,778	0
TAXES OTHER THAN INCOME TAX (SUB TC	1,859,762	74,683	287,345	356,825	25,454	119,641	295,618	157,269	86,672	111,822	161,382	133,981	1,603	125	47,341	0
TAXES OTHER THAN INCOME TAX (REVEN	377,568	20,523	76,662	84,587	5,850	23,437	54,203	30,497	16,357	16,420	22,154	20,505	386	29	4,173	1,787
INCOME TAX (TOTAL)	730,532	29,438	111,903	138,151	9,834	46,365	115,958	61,933	34,145	44,119	63,744	52,823	603	48	21,426	43
REVENUE CREDITED TO COST OF SERVIC	(1,015,171)	(143,619)	(286,578)	(240,016)	(31,849)	(154,267)	(128,535)	(24,446)	(5,861)	0	0	0	0	0	0	0
TOTAL COST OF SERVICE (CUSTOMER)	16,108,060	1,865,079	5,869,365	5,904,510	264,755	688,172	721,137	215,302	115,880	94,368	73,850	40,844	26,474	1,464	35,804	191,056
TOTAL COST OF SERVICE (CAPACITY)	22,010,206	307,011	2,171,132	2,910,669	336,658	1,661,178	4,632,055	2,797,205	1,497,127	1,471,600	2,016,195	1,787,876	13,332	1,366	406,802	0
TOTAL COST OF SERVICE (COMMODITY)	2,259,513	22,631	157,822	230,659	24,184	157,054	443,361	248,922	136,261	189,963	279,107	364,147	1,435	259	3,708	0
TOTAL COST OF SERVICE (REVENUE)	377,568	20,523	76,662	84,587	5,850	23,437	54,203	30,497	16,357	16,420	22,154	20,505	386	29	4,173	1,787
TOTAL COST OF SERVICE	40,755,348	2,215,243	8,274,982	9,130,424	631,446	2,529,842	5,850,756	3,291,926	1,765,625	1,772,350	2,391,306	2,213,373	41,627	3,118	450,487	192,842
NO. OF CUSTOMERS	101,807	18,549	43,579	33,768	1,229	2,186	1,742	331	79	50	30	12	248	3	1	0
PEAK AND AVERAGE MONTH SALES VOL.	17,095,931	207,066	1,446,996	2,383,814	227,727	1,296,143	3,712,361	2,062,845	1,141,142	1,498,235	2,065,940	1,041,464	11,080	1,118	0	0
ANNUAL SALES	111,282,561	1,048,530	7,312,260	10,686,950	1,120,500	7,276,670	20,541,864	11,533,090	6,313,260	8,801,385	12,931,652	16,871,740	66,480	12,000	6,766,180	0

DOCKET NO. 030569-GU

DECEMBER 23, 2003

DERIVATION OF REVENUE DEFICIENCY

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

COST OF SERVICE BY CUSTOMER CLASS		TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
CUSTOMER COSTS		16,108,060	1,865,079	5,869,365	5,904,510	264,756	688,172	721,137	215,302	115,880	94,368	73,850	40,844	26,474	1,464	35,804	191,056
CAPACITY COSTS		22,010,206	307,011	2,171,132	2,910,669	336,658	1,661,178	4,632,055	2,797,205	1,497,127	1,471,600	2,016,195	1,787,876	13,332	1,366	406,802	0
COMMODITY COSTS		2,259,513	22,631	157,822	230,659	24,184	157,054	443,361	248,922	136,261	189,963	279,107	364,147	1,435	259	3,708	0
REVENUE COSTS		377,568	20,523	76,662	84,587	5,850	23,437	54,203	30,497	16,357	16,420	22,154	20,505	386	29	4,173	1,787
TOTAL - (Includes rev. credit for other inc.)		40,755,348	2,215,243	8,274,982	9,130,424	631,446	2,529,842	5,850,756	3,291,926	1,765,625	1,772,350	2,391,306	2,213,373	41,627	3,118	450,487	192,842
less: REVENUE AT PRESENT RATES excl, other op (in the attrition year)		37,269,151	2,257,377	7,605,003	8,382,007	624,771	2,349,476	5,424,391	2,869,179	1,542,095	1,617,347	2,120,467	1,954,393	26,648	2,660	493,337	0
equals: GAS SALES REVENUE DEFICIENCY		3,486,197	(42,134)	669,979	748,417	6,675	180,366	426,365	422,747	223,530	155,003	270,839	258,980	14,979	458	(42,850)	192,842
<u>plus: DEFICIENCY DUE TO REVENUE EXPANSION</u>																	
REGULATORY ASSESSMENT	.5%	28,463	(344)	5,470	6,110	55	1,473	3,481	3,452	1,825	1,266	2,211	2,114	122	4	(350)	1,574
BAD DEBT	1.6716%	74,600	(902)	14,337	16,015	143	3,860	9,124	9,046	4,783	3,317	5,796	5,542	321	10	(917)	4,127
STATE INCOME TAX	5.5%	307,430	12,356	47,305	58,405	3,920	19,284	49,222	26,169	14,834	19,342	26,893	21,571	111	20	7,835	161
FEDERAL INCOME TAX	34%	1,795,900	72,182	276,342	341,184	22,899	112,652	287,538	152,871	86,654	112,991	157,100	126,009	651	119	45,768	941
plus: DEFICIENCY IN OTHER OPERATING REV.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
equals: TOTAL BASE-REVENUE DEFICIENCY		5,692,590	41,159	1,013,433	1,170,132	33,691	317,634	775,730	614,285	331,626	291,919	462,838	414,215	16,185	611	9,487	199,645
<u>UNIT COSTS:</u>																	
Customer		13.185	8.379	11.224	14.571	17.949	26.239	34.504	64.164	121.595	157.279	205.139	283.641	8.896	40.654	2,983.639	n/a
Capacity		1.287	1.483	1.500	1.221	1.478	1.282	1.248	1.356	1.312	0.982	0.976	1.717	1.203	1.222	ERR	n/a
Commodity		0.0203	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0216	0.0005	n/a

COST OF SERVICE
RATE OF RETURN BY CUSTOMER CLASS
(PAGE 1 OF 2: PRESENT RATES)

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
REVENUES: (projected test year)																
Gas Sales (due to growth)	37,269,151	2,257,377	7,605,003	8,382,007	624,771	2,349,476	5,424,391	2,869,179	1,542,095	1,617,347	2,120,467	1,954,393	26,648	2,660	493,337	0
Other Operating Revenue	1,015,171	143,619	286,578	240,016	31,849	154,267	128,535	24,446	5,861	0	0	0	0	0	0	0
Total	38,284,322	2,400,996	7,891,581	8,622,023	656,620	2,503,743	5,552,926	2,893,625	1,547,956	1,617,347	2,120,467	1,954,393	26,648	2,660	493,337	0
EXPENSES:																
Purchased Gas Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
O&M Expenses	22,039,907	1,561,700	5,511,273	5,601,821	394,581	1,421,542	2,803,996	1,620,796	837,308	570,137	663,629	813,302	24,787	1,785	22,750	190,498
Depreciation Expenses	7,812,458	314,610	1,213,256	1,509,126	107,900	508,123	1,257,686	669,464	368,963	476,141	688,108	575,754	6,781	532	116,013	0
Amortization Expenses	125,328	2,843	13,123	17,312	1,476	8,313	22,247	12,245	6,717	9,125	13,095	13,950	91	12	4,778	0
Taxes Other Than Income--Fixed	1,859,762	74,683	287,345	356,825	25,454	119,641	295,618	157,269	86,672	111,822	161,382	133,981	1,603	125	47,341	0
Taxes Other Than Income--Revenue	377,568	20,523	76,662	84,587	5,850	23,437	54,203	30,497	16,357	16,420	22,154	20,505	386	29	4,173	1,787
Total Expses excl. Income Taxes	32,215,023	1,974,358	7,101,658	7,569,671	535,260	2,081,057	4,433,752	2,490,272	1,316,018	1,183,644	1,548,368	1,557,493	33,648	2,483	195,056	192,285
INCOME TAXES:	730,532	29,438	111,903	138,151	9,834	46,365	115,958	61,933	34,145	44,119	63,744	52,823	603	48	21,426	43
NET OPERATING INCOME:	5,338,767	397,200	678,020	914,202	111,525	376,321	1,003,217	341,419	197,793	389,584	508,355	344,077	(7,603)	129	276,855	(192,327)
RATE BASE:	119,904,398	4,824,271	18,315,206	22,589,928	1,605,988	7,563,683	19,423,668	10,382,699	5,724,509	7,399,276	10,586,867	8,193,702	100,216	7,971	3,179,414	7,000
RATE OF RETURN	4.45%	8.23%	3.70%	4.05%	6.94%	4.98%	5.16%	3.29%	3.46%	5.27%	4.80%	4.20%	-7.59%	1.62%	8.71%	-2747.53%

DOCKET NO. 030569-GU

DECEMBER 23, 2003

RATE OF RETURN BY CUSTOMER CLASS
(Page 2 of 2: PROPOSED RATES)

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
REVENUES:																
Gas Sales	42,899,388	2,296,257	8,612,363	9,552,835	651,719	2,655,248	6,178,792	3,464,930	1,876,757	1,921,677	2,574,278	2,381,110	37,964	3,264	493,337	198,858
Other Operating Revenue	1,077,523	152,440	304,180	254,758	33,805	163,742	136,429	25,948	6,221	0	0	0	0	0	0	0
Total	43,976,911	2,448,697	8,916,543	9,807,593	685,524	2,818,990	6,315,221	3,490,878	1,882,978	1,921,677	2,574,278	2,381,110	37,964	3,264	493,337	198,858
EXPENSES:																
Purchased Gas Cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
O&M Expenses	22,114,507	1,565,854	5,526,399	5,618,458	395,744	1,426,324	2,814,709	1,626,718	840,503	573,397	667,996	817,341	24,851	1,791	23,587	190,835
Depreciation Expenses	7,812,458	314,610	1,213,256	1,509,126	107,900	508,123	1,257,686	669,464	368,963	476,141	688,108	575,754	6,781	532	116,013	0
Amortization Expenses	125,328	2,843	13,123	17,312	1,476	8,313	22,247	12,245	6,717	9,125	13,095	13,950	91	12	4,778	0
Taxes Other Than Income--Fixed	1,859,762	74,683	287,345	356,825	25,454	119,641	295,618	157,269	86,672	111,822	161,382	133,981	1,603	125	47,341	0
Taxes Other Than Income--Revenue	406,031	22,107	82,433	90,934	6,294	25,262	58,290	32,757	17,576	17,663	23,820	22,046	410	31	4,493	1,915
Total Expses excl. Income Taxes	32,318,086	1,980,097	7,122,555	7,592,656	536,867	2,087,663	4,448,552	2,498,453	1,320,431	1,188,148	1,554,401	1,563,073	33,737	2,491	196,212	192,751
PRE TAX NOI:	11,658,825	468,600	1,793,988	2,214,937	148,657	731,327	1,866,669	992,425	562,547	733,529	1,019,877	818,037	4,227	773	297,125	6,107
INCOME TAXES:	2,833,862	113,976	435,550	537,740	36,653	178,301	452,717	240,974	135,632	176,453	247,737	200,403	1,366	187	75,029	1,144
NET OPERATING INCOME:	8,824,963	354,624	1,358,438	1,677,197	112,004	553,026	1,413,952	751,451	426,915	557,076	772,140	617,634	2,861	586	222,095	4,963
RATE BASE:	119,904,398	4,824,271	18,315,206	22,589,928	1,605,988	7,563,683	19,423,668	10,382,699	5,724,509	7,399,276	10,586,867	8,193,702	100,216	7,971	3,179,414	7,000
RATE OF RETURN	7.36%	7.35%	7.42%	7.42%	6.97%	7.31%	7.28%	7.24%	7.46%	7.53%	7.29%	7.54%	2.86%	7.35%	6.99%	70.90%
	2,833,862	$113,901	$436,057	$538,376	$36,133	$177,761	$453,724	$241,225	$136,736	$178,296	$247,897	$198,837	$1,028	$188	$72,221	$1,485

COST OF SERVICE SUMMARY
PROPOSED RATE DESIGN

COMPANY NAME: CITY GAS COMPANY OF FLORIDA
DOCKET NO. 030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
PRESENT RATES (projected test year)																
GAS SALES (due to growth)	37,269,151	2,257,377	7,605,003	8,382,007	624,771	2,349,476	5,424,391	2,869,179	1,542,095	1,617,347	2,120,467	1,954,393	26,648	2,660	493,337	0
OTHER OPERATING REVENUE	1,015,171	143,619	286,578	240,016	31,849	154,267	128,535	24,446	5,861	0	0	0	0	0	0	0
TOTAL	38,284,322	2,400,996	7,891,581	8,622,023	656,620	2,503,743	5,552,926	2,893,625	1,547,956	1,617,347	2,120,467	1,954,393	26,648	2,660	493,337	0
RATE OF RETURN	4.45%	8.23%	3.70%	4.05%	6.94%	4.98%	5.16%	3.29%	3.46%	5.27%	4.80%	4.20%	-7.59%	1.62%	8.71%	-2747.53%
INDEX	1.00	1.85	0.83	0.91	1.56	1.12	1.16	0.74	0.78	1.18	1.08	0.94	-1.70	0.36	1.96	-617.07
PROPOSED RATES																
GAS SALES	42,899,388	2,296,257	8,612,363	9,552,835	651,719	2,655,248	6,178,792	3,464,930	1,876,757	1,921,677	2,574,278	2,381,110	37,964	3,264	493,337	198,858
OTHER OPERATING REVENUE	1,077,523	152,440	304,180	254,758	33,805	163,742	136,429	25,948	6,221	0	0	0	0	0	0	0
TOTAL	43,976,911	2,448,697	8,916,543	9,807,593	685,524	2,818,990	6,315,221	3,490,878	1,882,978	1,921,677	2,574,278	2,381,110	37,964	3,264	493,337	198,858
TOTAL REVENUE INCREASE	5,692,589	47,701	1,024,962	1,185,570	28,904	315,247	762,295	597,253	335,022	304,330	453,811	426,717	11,316	604	0	198,858
PERCENT INCREASE	14.87%	1.99%	12.99%	13.75%	4.40%	12.59%	13.73%	20.64%	21.64%	18.82%	21.40%	21.83%	42.46%	22.71%	0.00%	n/a
RATE OF RETURN	7.36%	7.35%	7.42%	7.42%	6.97%	7.31%	7.28%	7.24%	7.46%	7.53%	7.29%	7.54%	2.86%	7.35%	6.99%	70.90%
INDEX	1.00	1.00	1.01	1.01	0.95	0.99	0.99	0.98	1.01	1.02	0.99	1.02	0.39	1.00	0.95	9.63

COST OF SERVICE SUMMARY
CALCULATION OF STAFF RECOMMENDED RATES
CITY GAS COMPANY OF FLORIDA
030569-GU

	TOTAL	GS-1	GS-100	GS-220	GS-600	GS-1,200	GS-6K	GS-25K	GS-60K	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NG VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER
PROPOSED TOTAL TARGET REVENUES	43,976,911	2,448,697	8,916,543	9,807,593	685,524	2,818,990	6,315,221	3,490,878	1,882,978	1,921,677	2,574,278	2,381,110	37,964	3,264	493,337	198,858
LESS: IMPUTED REVENUES *	280,288	11,561	44,285	54,676	3,651	18,028	46,094	24,497	13,917	18,160	25,171	20,135	93	19	0	0
LESS: OTHER OPERATING REVENUE	1,077,523	152,440	304,180	254,758	33,805	163,742	136,429	25,948	6,221	0	0	0	0	0	0	0
NET TARGET REVENUE	42,619,100	2,284,696	8,568,078	9,498,159	648,068	2,637,220	6,132,698	3,440,433	1,862,840	1,903,517	2,549,107	2,360,975	37,871	3,245	493,337	198,858
LESS: CUSTOMER CHARGE REVENUES																
PROPOSED CUSTOMER CHARGES		$8.00	$9.50	$11.00	$12.00	$15.00	$30.00	$80.00	$150.00	$250.00	$300.00	$500.00	N/A	$15.00	$400.00	$400.00
TIMES: NUMBER OF BILLS	1,221,801	222,591	522,945	405,217	14,750	26,228	20,900	3,975	953	600	360	126	2,976	36	12	132
EQUALS: CUSTOMER CHARGE REVENUES	13,243,603	1,780,728	4,967,978	4,457,387	177,000	393,420	627,000	318,000	142,950	150,000	108,000	63,000	0	540	4,800	52,800
DEMAND CHARGES										$0.314	$0.314	$0.314				$5.92
TIMES: DCQs										721,919	974,586	974,532				24,672
EQUALS DEMAND CHARGE REVENUES	984,764									226,683	306,020	306,003				146,058
EQUALS: PER-THERM TARGET REVENUES	28,390,733	503,968	3,600,101	5,040,772	471,068	2,243,800	5,505,698	3,122,433	1,719,890	1,526,834	2,135,087	1,991,972	37,871	2,705	488,537	(0)
DIVIDED BY: NUMBER OF THERMS	111,282,561	1,048,530	7,312,260	10,686,950	1,120,500	7,276,670	20,541,864	11,533,090	6,313,260	8,801,385	12,931,652	16,871,740	66,480	12,000	6,766,180	
EQUALS: PER-THERM RATES (UNROUNDED)		0.48064	0.49234	0.47168	0.42041	0.30836	0.26802	0.27074	0.27242	0.17348	0.16511	0.11807	0.56966	0.22541	0.07220	
PER-THERM RATES (ROUNDED)		0.48064	0.49234	0.47168	0.42041	0.3084	0.2680	0.2707	0.2724	0.1735	0.1651	0.1181	0.5697	0.2254	0.0722	
PER-THERM-RATE REVENUES (ROUNDED RATES)	*28,390,915*	503,965	3,600,118	5,040,821	471,069	2,243,834	5,505,630	3,122,469	1,719,858	1,526,864	2,135,145	1,992,046	37,871	2,705	488,518	
SUMMARY: PROPOSED TARIFF RATES																
CUSTOMER CHARGES		$8.00	$9.50	$11.00	$12.00	$15.00	$30.00	$80.00	$150.00	$250.00	$300.00	$500.00	N/A	$15.00	$400.00	$400.00
DEMAND CHARGES										$0.314	$0.314	$0.314				$5.92
NON-GAS ENERGY CHARGES (CENTS PER THERM)		48.064	49.234	47.168	42.041	30.836	26.802	27.074	27.242	17.348	16.511	11.807	56.966	22.541	7.220	
PURCHASED GAS ADJUSTMENT		54.272	54.272	54.272	54.272	54.272	54.272	54.272	54.272	54.272	54.272	54.272	54.272	54.272	54.272	
TOTAL (INCLUDING PGA)		102.336	103.506	101.440	96.313	85.108	81.074	81.346	81.514	71.620	70.783	66.079	111.238	76.813	61.492	

SUMMARY: OTHER OPERATING REVENUE

	PRESENT REVENUE *REVENUE*	PROPOSED REVENUE *REVENUE*
CONNECTION CHARGE	$88,090	$178,980
COLLECTION IN LIEU OF DISCONNECT	$126,894	$257,824
RETURN CHECK CHARGE	$91,225	$91,225
LATE PAYMENT	$420,000	$420,000
CHANGE OF ACCOUNT	$366,320	$366,320
TOTAL	$1,015,170	$1,077,523
INCREASE		$62,353

* Target revenues are reduced to reflect staff-recommended imputation of $280, 288.

CITY GAS COMPANY OF FLORIDA

DOCKET NO 030569-GU

STAFF-RECOMMENDED ALLOCATION OF REVENUE INCREASE

(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)		(10)
RATE	RATE BASE	PRESENT NOI	PRESENT ROR	PRESENT INDEX	INCREASE FROM SERVICE CHARGES	INCREASE FROM SALES OF GAS	TOTAL * INCREASE IN REVENUE	REQUIRED NOI	RECOMMENDED ROR	RECOMMENDED INDEX	REVENUE PERCENTAGE INCREASE
GS-1	$4,824,271	$397,200	8.23%	1.85	$8,821	$38,880	$47,701	$354,624	7.35%	1.00	1.99%
GS-100	$18,315,206	$678,020	3.70%	0.83	$17,602	$1,007,360	$1,024,962	$1,358,438	7.42%	1.01	12.99%
GS-220	$22,589,928	$914,202	4.05%	0.91	$14,742	$1,170,828	$1,185,570	$1,677,197	7.42%	1.01	13.75%
GS-600	$1,605,988	$111,525	6.94%	1.56	$1,956	$26,948	$28,904	$112,004	6.97%	0.95	4.40%
GS-1,200	$7,563,683	$376,321	4.98%	1.12	$9,475	$305,772	$315,247	$553,026	7.31%	0.99	12.59%
GS-6K	$19,423,668	$1,003,217	5.16%	1.16	$7,894	$754,401	$762,295	$1,413,952	7.28%	0.99	13.73%
GS-25K	$10,382,699	$341,419	3.29%	0.74	$1,502	$595,751	$597,253	$751,451	7.24%	0.98	20.64%
GS-60K	$5,724,509	$197,793	3.46%	0.78	$360	$334,662	$335,022	$426,915	7.46%	1.01	21.64%
GS-120K	$7,399,276	$389,584	5.27%	1.18	$0	$304,330	$304,330	$557,076	7.53%	1.02	18.82%
GS-250K	$10,586,867	$508,355	4.80%	1.08	$0	$453,811	$453,811	$772,140	7.29%	0.99	21.40%
GS-1250K	$8,193,702	$344,077	4.20%	0.94	$0	$426,717	$426,717	$617,634	7.54%	1.02	21.83%
GAS LIGHTING	$100,216	($7,603)	-7.59%	-1.70	$0	$11,316	$11,316	$2,861	2.86%	0.39	42.46%
NG VEHICLES	$7,971	$129	1.62%	0.36	$0	$604	$604	$586	7.35%	1.00	22.71%
CONTRACT DEMAND **	$3,179,414	$276,855	8.71%	1.96	$0	$0	$0	$222,095	6.99%	0.95	0.00%
THIRD PARTY SUPPLIER ***	$7,000	($192,327)	-2747.53%	-617.07	$0	$198,858	$198,858	$4,963	70.90%	9.63	n/a
TOTAL	$119,904,398	$5,338,767	4.45%	1.00	$62,352	$5,630,238	$5,692,590	$8,824,964	7.36%	1.00	14.87%

* Total includes imputed revenues of $280,288.
** Rate established by special contract.
*** New rate rate class.

CITY GAS COMPANY OF FLORIDA
STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

RATE SCHEDULES	PRESENT RATES	STAFF RECOMMENDED RATES
GS-1 (Residential Service)		
CUSTOMER CHARGE	$7.50	$8.00
ENERGY CHARGE (cents/therm)	49.367	48.064
GS-100 (Residential Service)		
CUSTOMER CHARGE	$7.50	$9.50
ENERGY CHARGE (cents/therm)	49.367	49.234
GS-220 (Residential Service)		
CUSTOMER CHARGE	$7.50	$11.00
ENERGY CHARGE (cents/therm)	49.367	47.168
GS-600 (Residential Service)		
CUSTOMER CHARGE	$7.50	$12.00
ENERGY CHARGE (cents/therm)	49.367	42.041
GS-1.2K (Residential Service)		
CUSTOMER CHARGE	$7.50	$15.00
ENERGY CHARGE (cents/therm)	49.367	30.836
GS-1 (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$8.00
ENERGY CHARGE (cents/therm)	23.877	48.064
GS-100 (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$9.50
ENERGY CHARGE (cents/therm)	23.877	49.234
GS-220 (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$11.00
ENERGY CHARGE (cents/therm)	23.877	47.168

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CITY GAS COMPANY OF FLORIDA
STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

RATE SCHEDULES	PRESENT RATES	STAFF RECOMMENDED RATES
GS-600 (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$12.00
ENERGY CHARGE (cents/therm)	23.877	42.041
GS-1.2K (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$15.00
ENERGY CHARGE (cents/therm)	23.877	30.836
GS-6K (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$30.00
ENERGY CHARGE (cents/therm)	23.877	26.802
GS-25K (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$80.00
ENERGY CHARGE (cents/therm)	23.877	27.074
GS-60K (Commercial and Industrial Firm Service)		
CUSTOMER CHARGE	$20.00	$150.00
ENERGY CHARGE (cents/therm)	23.877	27.242
GS-1 (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$8.00
ENERGY CHARGE (cents/therm)	23.877	48.064
GS-100 (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$9.50
ENERGY CHARGE (cents/therm)	23.877	49.234
GS-220 (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$11.00
ENERGY CHARGE (cents/therm)	23.877	47.168

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CITY GAS COMPANY OF FLORIDA
STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

RATE SCHEDULES	PRESENT RATES	STAFF RECOMMENDED RATES
GS-600 (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$12.00
ENERGY CHARGE (cents/therm)	23.877	42.041
GS-1.2K (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$15.00
ENERGY CHARGE (cents/therm)	23.877	30.836
GS-6K (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$30.00
ENERGY CHARGE (cents/therm)	23.877	26.802
GS-25K (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$80.00
ENERGY CHARGE (cents/therm)	23.877	27.074
GS-60K (Small Commercial Transportation Service)		
CUSTOMER CHARGE	$25.00	$150.00
ENERGY CHARGE (cents/therm)	23.877	27.242
GS-120K (Large Commercial Service)		
CUSTOMER CHARGE	$50.00	$250.00
ENERGY CHARGE (cents/therm)	17.847	17.348
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-120K (Commercial Transportation Service)		
CUSTOMER CHARGE	$55.00	$250.00
ENERGY CHARGE (cents/therm)	17.847	17.348
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-250K (Interruptible Preferred Gas Service)		
CUSTOMER CHARGE	$100.00	$300.00
ENERGY CHARGE (cents/therm)	15.787	16.511
DEMAND CHARGE ($ per DCQ)	N/A	$0.314

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CITY GAS COMPANY OF FLORIDA
STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

RATE SCHEDULES	PRESENT RATES	STAFF RECOMMENDED RATES
GS-250K (Contract Interruptible Preferred Gas Service)		
CUSTOMER CHARGE	$100.00	$300.00
ENERGY CHARGE (cents/therm)	15.787	16.511
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-250K (Interruptible Transportation Service)		
CUSTOMER CHARGE	$175.00	$300.00
ENERGY CHARGE (cents/therm)	15.787	16.511
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-250K (Contract Interruptible Transportation Service)		
CUSTOMER CHARGE	$175.00	$300.00
ENERGY CHARGE (cents/therm)	15.787	16.511
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-1,250K (Interruptible Large Volume Gas Service)		
CUSTOMER CHARGE	$250.00	$500.00
ENERGY CHARGE (cents/therm)	11.198	11.807
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-1,250K (Contract Interruptible Large Volume Gas Service)		
CUSTOMER CHARGE	$250.00	$500.00
ENERGY CHARGE (cents/therm)	11.198	11.807
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-1,250K (Interruptible Large Volume Transportation)		
CUSTOMER CHARGE	$400.00	$500.00
ENERGY CHARGE (cents/therm)	11.198	11.807
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GS-1,250K (Contract Interruptible Large Volume Transportation)		
CUSTOMER CHARGE	$400.00	$500.00
ENERGY CHARGE (cents/therm)	11.198	11.807
DEMAND CHARGE ($ per DCQ)	N/A	$0.314
GAS LIGHTING		
ENERGY CHARGE (cents/therm)	49.367	56.966
NATURAL GAS VEHICLES (NGVSS)		
CUSTOMER CHARGE	$15.00	$15.00
ENERGY CHARGE (cents/therm)	17.500	22.541
NATURAL GAS VEHICLES (NGVTS)		
CUSTOMER CHARGE	$15.00	$15.00
ENERGY CHARGE (cents/therm)	17.500	22.541

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CITY GAS COMPANY OF FLORIDA
STAFF RECOMMENDED MISCELLANEOUS CHARGES
DOCKET NO. 030569-GU

RATE SCHEDULE	PRESENT CHARGES	STAFF RECOMMENDED CHARGES
RESIDENTIAL		
CONNECTION CHARGE	$30.00	$50.00
RECONNECTION CHARGE (NON-PAYMENT)	$30.00	$37.00
COMMERCIAL		
CONNECTION CHARGE	$60.00	$110.00
RECONNECTION CHARGE (NON-PAYMENT)	$60.00	$80.00
OTHER		
COLLECTION IN LIEU OF DISCONNECT	$20.00	$20.00
CHANGE OF ACCOUNT	$20.00	$20.00
RETURNED CHECK CHARGE	> $25 or 5%	> $25 or 5%
LATE PAYMENT CHARGE	1.5%	> $5 or 1.5%
TEMPORARY DISCONNECT CHARGE	NO CURRENT CHARGE	NONE
COPY OF TARIFF	$25.00	NONE

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-1
Residential Service
Average Usage: 5 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $7.50	Customer Charge $8.00
Energy Charge (Cents per Therm) 49.367	Energy Charge (Cents per Therm) 48.064

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 1

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
1	$7.99	$8.54	$8.48	$9.02	6.09%	5.70%	$0.49
2	$8.49	$9.57	$8.96	$10.05	5.58%	4.95%	$0.47
3	$8.98	$10.61	$9.44	$11.07	5.13%	4.34%	$0.46
4	$9.47	$11.65	$9.92	$12.09	4.73%	3.85%	$0.45
5	$9.97	$12.68	$10.40	$13.12	4.36%	3.43%	$0.43
6	$10.46	$13.72	$10.88	$14.14	4.03%	3.07%	$0.42
7	$10.96	$14.75	$11.36	$15.16	3.73%	2.77%	$0.41
8	$11.45	$15.79	$11.85	$16.19	3.46%	2.51%	$0.40
9	$11.94	$16.83	$12.33	$17.21	3.20%	2.27%	$0.38
10	$12.44	$17.86	$12.81	$18.23	2.97%	2.07%	$0.37
11	$12.93	$18.90	$13.29	$19.26	2.76%	1.89%	$0.36
12	$13.42	$19.94	$13.77	$20.28	2.56%	1.72%	$0.34
13	$13.92	$20.97	$14.25	$21.30	2.38%	1.58%	$0.33
14	$14.41	$22.01	$14.73	$22.33	2.20%	1.44%	$0.32
15	$14.91	$23.05	$15.21	$23.35	2.04%	1.32%	$0.30
16	$15.40	$24.08	$15.69	$24.37	1.89%	1.21%	$0.29
17	$15.89	$25.12	$16.17	$25.40	1.75%	1.11%	$0.28
18	$16.39	$26.16	$16.65	$26.42	1.62%	1.01%	$0.27
19	$16.88	$27.19	$17.13	$27.44	1.50%	0.93%	$0.25
20	$17.37	$28.23	$17.61	$28.47	1.38%	0.85%	$0.24

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

R:\CostStats\CITYGAS\City Gas Cost of ServiceX1Final.123

CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-100
Residential Service
Average Usage: 14 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $7.50	Customer Charge $9.50
Energy Charge (Cents per Therm) 49.367	Energy Charge (Cents per Therm) 49.234

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 1

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
5	$9.97	$12.68	$11.96	$14.68	20.00%	15.72%	$1.99
6	$10.46	$13.72	$12.45	$15.71	19.04%	14.52%	$1.99
7	$10.96	$14.75	$12.95	$16.75	18.17%	13.49%	$1.99
8	$11.45	$15.79	$13.44	$17.78	17.38%	12.60%	$1.99
9	$11.94	$16.83	$13.93	$18.82	16.65%	11.81%	$1.99
10	$12.44	$17.86	$14.42	$19.85	15.97%	11.12%	$1.99
11	$12.93	$18.90	$14.92	$20.89	15.35%	10.50%	$1.99
12	$13.42	$19.94	$15.41	$21.92	14.78%	9.95%	$1.98
13	$13.92	$20.97	$15.90	$22.96	14.25%	9.45%	$1.98
14	$14.41	$22.01	$16.39	$23.99	13.75%	9.00%	$1.98
15	$14.91	$23.05	$16.89	$25.03	13.28%	8.59%	$1.98
16	$15.40	$24.08	$17.38	$26.06	12.85%	8.22%	$1.98
17	$15.89	$25.12	$17.87	$27.10	12.44%	7.87%	$1.98
18	$16.39	$26.16	$18.36	$28.13	12.06%	7.56%	$1.98
19	$16.88	$27.19	$18.85	$29.17	11.70%	7.26%	$1.97
20	$17.37	$28.23	$19.35	$30.20	11.36%	6.99%	$1.97
21	$17.87	$29.26	$19.84	$31.24	11.04%	6.74%	$1.97
22	$18.36	$30.30	$20.33	$32.27	10.73%	6.50%	$1.97
23	$18.85	$31.34	$20.82	$33.31	10.45%	6.28%	$1.97
24	$19.35	$32.37	$21.32	$34.34	10.17%	6.08%	$1.97

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-220
Residential Service
Average Usage: 26 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $7.50	Customer Charge $11.00
Energy Charge (Cents per Therm) 49.367	Energy Charge (Cents per Therm) 47.168

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 2

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
20	$17.37	$28.23	$20.43	$31.29	17.61%	10.84%	$3.06
22	$18.36	$30.30	$21.38	$33.32	16.43%	9.95%	$3.02
24	$19.35	$32.37	$22.32	$35.35	15.36%	9.18%	$2.97
26	$20.34	$34.45	$23.26	$37.37	14.40%	8.50%	$2.93
28	$21.32	$36.52	$24.21	$39.40	13.53%	7.90%	$2.88
30	$22.31	$38.59	$25.15	$41.43	12.73%	7.36%	$2.84
32	$23.30	$40.66	$26.09	$43.46	12.00%	6.88%	$2.80
34	$24.28	$42.74	$27.04	$45.49	11.33%	6.44%	$2.75
36	$25.27	$44.81	$27.98	$47.52	10.72%	6.04%	$2.71
38	$26.26	$46.88	$28.92	$49.55	10.15%	5.68%	$2.66
40	$27.25	$48.96	$29.87	$51.58	9.62%	5.35%	$2.62
42	$28.23	$51.03	$30.81	$53.60	9.13%	5.05%	$2.58
44	$29.22	$53.10	$31.75	$55.63	8.67%	4.77%	$2.53
46	$30.21	$55.17	$32.70	$57.66	8.24%	4.51%	$2.49
48	$31.20	$57.25	$33.64	$59.69	7.84%	4.27%	$2.44
50	$32.18	$59.32	$34.58	$61.72	7.46%	4.05%	$2.40
52	$33.17	$61.39	$35.53	$63.75	7.10%	3.84%	$2.36
54	$34.16	$63.47	$36.47	$65.78	6.77%	3.64%	$2.31
56	$35.15	$65.54	$37.41	$67.81	6.45%	3.46%	$2.27
58	$36.13	$67.61	$38.36	$69.84	6.16%	3.29%	$2.22

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-600
Residential Service
Average Usage: 76 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $7.50	Customer Charge $12.00
Energy Charge (Cents per Therm) 49.367	Energy Charge (Cents per Therm) 42.041

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 3

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
50	$32.18	$59.32	$33.02	$60.16	2.60%	1.41%	$0.84
53	$33.66	$62.43	$34.28	$63.05	1.83%	0.99%	$0.62
56	$35.15	$65.54	$35.54	$65.94	1.13%	0.61%	$0.40
59	$36.63	$68.65	$36.80	$68.82	0.49%	0.26%	$0.18
62	$38.11	$71.76	$38.07	$71.71	-0.11%	-0.06%	($0.04)
65	$39.59	$74.87	$39.33	$74.60	-0.66%	-0.35%	($0.26)
68	$41.07	$77.97	$40.59	$77.49	-1.17%	-0.62%	($0.48)
71	$42.55	$81.08	$41.85	$80.38	-1.65%	-0.87%	($0.70)
74	$44.03	$84.19	$43.11	$83.27	-2.09%	-1.09%	($0.92)
77	$45.51	$87.30	$44.37	$86.16	-2.51%	-1.31%	($1.14)
80	$46.99	$90.41	$45.63	$89.05	-2.90%	-1.51%	($1.36)
83	$48.47	$93.52	$46.89	$91.94	-3.26%	-1.69%	($1.58)
86	$49.96	$96.63	$48.16	$94.83	-3.60%	-1.86%	($1.80)
89	$51.44	$99.74	$49.42	$97.72	-3.93%	-2.03%	($2.02)
92	$52.92	$102.85	$50.68	$100.61	-4.23%	-2.18%	($2.24)
95	$54.40	$105.96	$51.94	$103.50	-4.52%	-2.32%	($2.46)
98	$55.88	$109.07	$53.20	$106.39	-4.80%	-2.46%	($2.68)
101	$57.36	$112.18	$54.46	$109.28	-5.05%	-2.58%	($2.90)
104	$58.84	$115.28	$55.72	$112.17	-5.30%	-2.71%	($3.12)
107	$60.32	$118.39	$56.98	$115.05	-5.53%	-2.82%	($3.34)

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-1.2K
Residential Service
Average Usage: 277 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $7.50	Customer Charge $15.00
Energy Charge (Cents per Therm) 49.367	Energy Charge (Cents per Therm) 30.836

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 20

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
100	$56.87	$111.14	$45.84	$100.11	-19.40%	-9.93%	($11.03)
120	$66.74	$131.87	$52.00	$117.13	-22.08%	-11.18%	($14.74)
140	$76.61	$152.59	$58.17	$134.15	-24.07%	-12.09%	($18.44)
160	$86.49	$173.32	$64.34	$151.17	-25.61%	-12.78%	($22.15)
180	$96.36	$194.05	$70.50	$168.19	-26.83%	-13.32%	($25.86)
200	$106.23	$214.78	$76.67	$185.22	-27.83%	-13.76%	($29.56)
220	$116.11	$235.51	$82.84	$202.24	-28.65%	-14.13%	($33.27)
240	$125.98	$256.23	$89.01	$219.26	-29.35%	-14.43%	($36.97)
260	$135.85	$276.96	$95.17	$236.28	-29.94%	-14.69%	($40.68)
280	$145.73	$297.69	$101.34	$253.30	-30.46%	-14.91%	($44.39)
300	$155.60	$318.42	$107.51	$270.32	-30.91%	-15.10%	($48.09)
320	$165.47	$339.14	$113.68	$287.35	-31.30%	-15.27%	($51.80)
340	$175.35	$359.87	$119.84	$304.37	-31.65%	-15.42%	($55.51)
360	$185.22	$380.60	$126.01	$321.39	-31.97%	-15.56%	($59.21)
380	$195.09	$401.33	$132.18	$338.41	-32.25%	-15.68%	($62.92)
400	$204.97	$422.06	$138.34	$355.43	-32.50%	-15.79%	($66.62)
420	$214.84	$442.78	$144.51	$372.45	-32.74%	-15.88%	($70.33)
440	$224.71	$463.51	$150.68	$389.48	-32.95%	-15.97%	($74.04)
460	$234.59	$484.24	$156.85	$406.50	-33.14%	-16.05%	($77.74)
480	$244.46	$504.97	$163.01	$423.52	-33.32%	-16.13%	($81.45)

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-1
Commercial and Industrial Firm Service
Average Usage: 6 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $20.00	Customer Charge $8.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 48.064

Gas Cost Cents/Therm: 54.272 Therm Usage Increment: 1

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
1	$20.24	$20.78	$8.48	$9.02	-58.10%	-56.58%	($11.76)
2	$20.48	$21.56	$8.96	$10.05	-56.24%	-53.41%	($11.52)
3	$20.72	$22.34	$9.44	$11.07	-54.42%	-50.46%	($11.27)
4	$20.96	$23.13	$9.92	$12.09	-52.65%	-47.71%	($11.03)
5	$21.19	$23.91	$10.40	$13.12	-50.91%	-45.14%	($10.79)
6	$21.43	$24.69	$10.88	$14.14	-49.22%	-42.73%	($10.55)
7	$21.67	$25.47	$11.36	$15.16	-47.56%	-40.47%	($10.31)
8	$21.91	$26.25	$11.85	$16.19	-45.94%	-38.34%	($10.07)
9	$22.15	$27.03	$12.33	$17.21	-44.35%	-36.34%	($9.82)
10	$22.39	$27.81	$12.81	$18.23	-42.80%	-34.45%	($9.58)
11	$22.63	$28.60	$13.29	$19.26	-41.28%	-32.66%	($9.34)
12	$22.87	$29.38	$13.77	$20.28	-39.79%	-30.97%	($9.10)
13	$23.10	$30.16	$14.25	$21.30	-38.33%	-29.36%	($8.86)
14	$23.34	$30.94	$14.73	$22.33	-36.90%	-27.84%	($8.61)
15	$23.58	$31.72	$15.21	$23.35	-35.50%	-26.39%	($8.37)
16	$23.82	$32.50	$15.69	$24.37	-34.13%	-25.01%	($8.13)
17	$24.06	$33.29	$16.17	$25.40	-32.79%	-23.70%	($7.89)
18	$24.30	$34.07	$16.65	$26.42	-31.47%	-22.45%	($7.65)
19	$24.54	$34.85	$17.13	$27.44	-30.18%	-21.25%	($7.40)
20	$24.78	$35.63	$17.61	$28.47	-28.91%	-20.10%	($7.16)

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-100
Commercial and Industrial Firm Service
Average Usage: 15 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $20.00	Customer Charge $9.50
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 49.234

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 1

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
5	$21.19	$23.91	$11.96	$14.68	-43.56%	-38.62%	($9.23)
6	$21.43	$24.69	$12.45	$15.71	-41.89%	-36.37%	($8.98)
7	$21.67	$25.47	$12.95	$16.75	-40.26%	-34.26%	($8.73)
8	$21.91	$26.25	$13.44	$17.78	-38.66%	-32.27%	($8.47)
9	$22.15	$27.03	$13.93	$18.82	-37.10%	-30.40%	($8.22)
10	$22.39	$27.81	$14.42	$19.85	-35.57%	-28.63%	($7.96)
11	$22.63	$28.60	$14.92	$20.89	-34.08%	-26.96%	($7.71)
12	$22.87	$29.38	$15.41	$21.92	-32.61%	-25.38%	($7.46)
13	$23.10	$30.16	$15.90	$22.96	-31.18%	-23.89%	($7.20)
14	$23.34	$30.94	$16.39	$23.99	-29.77%	-22.46%	($6.95)
15	$23.58	$31.72	$16.89	$25.03	-28.40%	-21.11%	($6.70)
16	$23.82	$32.50	$17.38	$26.06	-27.05%	-19.82%	($6.44)
17	$24.06	$33.29	$17.87	$27.10	-25.73%	-18.59%	($6.19)
18	$24.30	$34.07	$18.36	$28.13	-24.43%	-17.42%	($5.94)
19	$24.54	$34.85	$18.85	$29.17	-23.16%	-16.31%	($5.68)
20	$24.78	$35.63	$19.35	$30.20	-21.91%	-15.24%	($5.43)
21	$25.01	$36.41	$19.84	$31.24	-20.69%	-14.21%	($5.18)
22	$25.25	$37.19	$20.33	$32.27	-19.49%	-13.23%	($4.92)
23	$25.49	$37.97	$20.82	$33.31	-18.31%	-12.29%	($4.67)
24	$25.73	$38.76	$21.32	$34.34	-17.16%	-11.39%	($4.41)

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-220
Commercial and Industrial Firm Service
Average Usage: 48 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $20.00	Customer Charge $11.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 47.168

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 2

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
20	$24.78	$35.63	$20.43	$31.29	-17.52%	-12.19%	($4.34)
22	$25.25	$37.19	$21.38	$33.32	-15.35%	-10.42%	($3.88)
24	$25.73	$38.76	$22.32	$35.35	-13.25%	-8.80%	($3.41)
26	$26.21	$40.32	$23.26	$37.37	-11.23%	-7.30%	($2.94)
28	$26.69	$41.88	$24.21	$39.40	-9.29%	-5.92%	($2.48)
30	$27.16	$43.44	$25.15	$41.43	-7.41%	-4.63%	($2.01)
32	$27.64	$45.01	$26.09	$43.46	-5.60%	-3.44%	($1.55)
34	$28.12	$46.57	$27.04	$45.49	-3.84%	-2.32%	($1.08)
36	$28.60	$48.13	$27.98	$47.52	-2.15%	-1.28%	($0.62)
38	$29.07	$49.70	$28.92	$49.55	-0.51%	-0.30%	($0.15)
40	$29.55	$51.26	$29.87	$51.58	1.07%	0.62%	$0.32
42	$30.03	$52.82	$30.81	$53.60	2.60%	1.48%	$0.78
44	$30.51	$54.39	$31.75	$55.63	4.09%	2.29%	$1.25
46	$30.98	$55.95	$32.70	$57.66	5.53%	3.06%	$1.71
48	$31.46	$57.51	$33.64	$59.69	6.93%	3.79%	$2.18
50	$31.94	$59.07	$34.58	$61.72	8.28%	4.48%	$2.65
52	$32.42	$60.64	$35.53	$63.75	9.60%	5.13%	$3.11
54	$32.89	$62.20	$36.47	$65.78	10.87%	5.75%	$3.58
56	$33.37	$63.76	$37.41	$67.81	12.12%	6.34%	$4.04
58	$33.85	$65.33	$38.36	$69.84	13.32%	6.90%	$4.51

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-600
Commercial and Industrial Firm Service
Average Usage: 91 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $20.00	Customer Charge $12.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 42.041

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 3

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
50	$31.94	$59.07	$33.02	$60.16	3.39%	1.83%	$1.08
53	$32.65	$61.42	$34.28	$63.05	4.98%	2.65%	$1.63
56	$33.37	$63.76	$35.54	$65.94	6.51%	3.41%	$2.17
59	$34.09	$66.11	$36.80	$68.82	7.97%	4.11%	$2.72
62	$34.80	$68.45	$38.07	$71.71	9.37%	4.76%	$3.26
65	$35.52	$70.80	$39.33	$74.60	10.72%	5.38%	$3.81
68	$36.24	$73.14	$40.59	$77.49	12.01%	5.95%	$4.35
71	$36.95	$75.49	$41.85	$80.38	13.25%	6.49%	$4.90
74	$37.67	$77.83	$43.11	$83.27	14.45%	6.99%	$5.44
77	$38.39	$80.17	$44.37	$86.16	15.60%	7.47%	$5.99
80	$39.10	$82.52	$45.63	$89.05	16.70%	7.91%	$6.53
83	$39.82	$84.86	$46.89	$91.94	17.77%	8.34%	$7.08
86	$40.53	$87.21	$48.16	$94.83	18.80%	8.74%	$7.62
89	$41.25	$89.55	$49.42	$97.72	19.80%	9.12%	$8.17
92	$41.97	$91.90	$50.68	$100.61	20.76%	9.48%	$8.71
95	$42.68	$94.24	$51.94	$103.50	21.68%	9.82%	$9.26
98	$43.40	$96.59	$53.20	$106.39	22.58%	10.15%	$9.80
101	$44.12	$98.93	$54.46	$109.28	23.45%	10.46%	$10.35
104	$44.83	$101.27	$55.72	$112.17	24.29%	10.75%	$10.89
107	$45.55	$103.62	$56.98	$115.05	25.11%	11.04%	$11.44

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-1.2K
Commercial and Industrial Firm Service
Average Usage: 272 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $20.00	Customer Charge $15.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 30.836

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 20

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
100	$43.88	$98.15	$45.84	$100.11	4.46%	2.00%	$1.96
120	$48.65	$113.78	$52.00	$117.13	6.89%	2.95%	$3.35
140	$53.43	$129.41	$58.17	$134.15	8.88%	3.66%	$4.74
160	$58.20	$145.04	$64.34	$151.17	10.54%	4.23%	$6.13
180	$62.98	$160.67	$70.50	$168.19	11.95%	4.68%	$7.53
200	$67.75	$176.30	$76.67	$185.22	13.16%	5.06%	$8.92
220	$72.53	$191.93	$82.84	$202.24	14.21%	5.37%	$10.31
240	$77.30	$207.56	$89.01	$219.26	15.14%	5.64%	$11.70
260	$82.08	$223.19	$95.17	$236.28	15.95%	5.87%	$13.09
280	$86.86	$238.82	$101.34	$253.30	16.68%	6.07%	$14.49
300	$91.63	$254.45	$107.51	$270.32	17.33%	6.24%	$15.88
320	$96.41	$270.08	$113.68	$287.35	17.91%	6.39%	$17.27
340	$101.18	$285.71	$119.84	$304.37	18.44%	6.53%	$18.66
360	$105.96	$301.34	$126.01	$321.39	18.92%	6.65%	$20.05
380	$110.73	$316.97	$132.18	$338.41	19.37%	6.77%	$21.44
400	$115.51	$332.60	$138.34	$355.43	19.77%	6.87%	$22.84
420	$120.28	$348.23	$144.51	$372.45	20.14%	6.96%	$24.23
440	$125.06	$363.86	$150.68	$389.48	20.49%	7.04%	$25.62
460	$129.83	$379.49	$156.85	$406.50	20.80%	7.12%	$27.01
480	$134.61	$395.12	$163.01	$423.52	21.10%	7.19%	$28.40

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-6K
Commercial and Industrial Firm Service
Average Usage: 935 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $20.00	Customer Charge $30.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 26.802

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 130

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
500	$139.39	$410.75	$164.01	$435.37	17.67%	6.00%	$24.63
630	$170.43	$512.34	$198.85	$540.77	16.68%	5.55%	$28.43
760	$201.47	$613.93	$233.70	$646.16	16.00%	5.25%	$32.23
890	$232.51	$715.53	$268.54	$751.56	15.50%	5.04%	$36.03
1,020	$263.55	$817.12	$303.38	$856.95	15.12%	4.88%	$39.84
1,150	$294.59	$918.71	$338.22	$962.35	14.81%	4.75%	$43.64
1,280	$325.63	$1,020.31	$373.07	$1,067.75	14.57%	4.65%	$47.44
1,410	$356.67	$1,121.90	$407.91	$1,173.14	14.37%	4.57%	$51.24
1,540	$387.71	$1,223.49	$442.75	$1,278.54	14.20%	4.50%	$55.05
1,670	$418.75	$1,325.09	$477.59	$1,383.94	14.05%	4.44%	$58.85
1,800	$449.79	$1,426.68	$512.44	$1,489.33	13.93%	4.39%	$62.65
1,930	$480.83	$1,528.28	$547.28	$1,594.73	13.82%	4.35%	$66.45
2,060	$511.87	$1,629.87	$582.12	$1,700.12	13.73%	4.31%	$70.26
2,190	$542.91	$1,731.46	$616.96	$1,805.52	13.64%	4.28%	$74.06
2,320	$573.95	$1,833.06	$651.81	$1,910.92	13.57%	4.25%	$77.86
2,450	$604.99	$1,934.65	$686.65	$2,016.31	13.50%	4.22%	$81.66
2,580	$636.03	$2,036.24	$721.49	$2,121.71	13.44%	4.20%	$85.47
2,710	$667.07	$2,137.84	$756.33	$2,227.11	13.38%	4.18%	$89.27
2,840	$698.11	$2,239.43	$791.18	$2,332.50	13.33%	4.16%	$93.07
2,970	$729.15	$2,341.03	$826.02	$2,437.90	13.29%	4.14%	$96.87

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-25K
Commercial and Industrial Firm Service
Average Usage: 3,303 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $20.00	Customer Charge $80.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 27.074

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 200

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
2,100	$521.42	$1,661.13	$648.55	$1,788.27	24.38%	7.65%	$127.14
2,300	$569.17	$1,817.43	$702.70	$1,950.96	23.46%	7.35%	$133.53
2,500	$616.93	$1,973.73	$756.85	$2,113.65	22.68%	7.09%	$139.93
2,700	$664.68	$2,130.02	$811.00	$2,276.34	22.01%	6.87%	$146.32
2,900	$712.43	$2,286.32	$865.15	$2,439.03	21.44%	6.68%	$152.71
3,100	$760.19	$2,442.62	$919.29	$2,601.73	20.93%	6.51%	$159.11
3,300	$807.94	$2,598.92	$973.44	$2,764.42	20.48%	6.37%	$165.50
3,500	$855.70	$2,755.22	$1,027.59	$2,927.11	20.09%	6.24%	$171.90
3,700	$903.45	$2,911.51	$1,081.74	$3,089.80	19.73%	6.12%	$178.29
3,900	$951.20	$3,067.81	$1,135.89	$3,252.49	19.42%	6.02%	$184.68
4,100	$998.96	$3,224.11	$1,190.03	$3,415.19	19.13%	5.93%	$191.08
4,300	$1,046.71	$3,380.41	$1,244.18	$3,577.88	18.87%	5.84%	$197.47
4,500	$1,094.47	$3,536.71	$1,298.33	$3,740.57	18.63%	5.76%	$203.86
4,700	$1,142.22	$3,693.00	$1,352.48	$3,903.26	18.41%	5.69%	$210.26
4,900	$1,189.97	$3,849.30	$1,406.63	$4,065.95	18.21%	5.63%	$216.65
5,100	$1,237.73	$4,005.60	$1,460.77	$4,228.65	18.02%	5.57%	$223.05
5,300	$1,285.48	$4,161.90	$1,514.92	$4,391.34	17.85%	5.51%	$229.44
5,500	$1,333.24	$4,318.20	$1,569.07	$4,554.03	17.69%	5.46%	$235.84
5,700	$1,380.99	$4,474.49	$1,623.22	$4,716.72	17.54%	5.41%	$242.23
5,900	$1,428.74	$4,630.79	$1,677.37	$4,879.41	17.40%	5.37%	$248.62

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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- Gas cost effective December 2003.

CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-60K
Commercial and Industrial Firm Service
Average Usage: 5,246 therms per month

PRESENT RATES

Customer Charge
$20.00

Energy Charge
(Cents
per Therm)
23.877

STAFF RECOMMENDED
RATES

Customer Charge
$150.00

Energy Charge
(Cents
per Therm)
27.242

Gas Cost Cents/Therm: 54.272

Therm Usage Increment: 300

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
5,000	$1,213.85	$3,927.45	$1,512.10	$4,225.70	24.57%	7.59%	$298.25
5,300	$1,285.48	$4,161.90	$1,593.83	$4,470.24	23.99%	7.41%	$308.35
5,600	$1,357.11	$4,396.34	$1,675.55	$4,714.78	23.46%	7.24%	$318.44
5,900	$1,428.74	$4,630.79	$1,757.28	$4,959.33	22.99%	7.09%	$328.54
6,200	$1,500.37	$4,865.24	$1,839.00	$5,203.87	22.57%	6.96%	$338.63
6,500	$1,572.01	$5,099.69	$1,920.73	$5,448.41	22.18%	6.84%	$348.73
6,800	$1,643.64	$5,334.13	$2,002.46	$5,692.95	21.83%	6.73%	$358.82
7,100	$1,715.27	$5,568.58	$2,084.18	$5,937.49	21.51%	6.62%	$368.92
7,400	$1,786.90	$5,803.03	$2,165.91	$6,182.04	21.21%	6.53%	$379.01
7,700	$1,858.53	$6,037.47	$2,247.63	$6,426.58	20.94%	6.44%	$389.10
8,000	$1,930.16	$6,271.92	$2,329.36	$6,671.12	20.68%	6.36%	$399.20
8,300	$2,001.79	$6,506.37	$2,411.09	$6,915.66	20.45%	6.29%	$409.30
8,600	$2,073.42	$6,740.81	$2,492.81	$7,160.20	20.23%	6.22%	$419.39
8,900	$2,145.05	$6,975.26	$2,574.54	$7,404.75	20.02%	6.16%	$429.49
9,200	$2,216.68	$7,209.71	$2,656.26	$7,649.29	19.83%	6.10%	$439.58
9,500	$2,288.32	$7,444.16	$2,737.99	$7,893.83	19.65%	6.04%	$449.67
9,800	$2,359.95	$7,678.60	$2,819.72	$8,138.37	19.48%	5.99%	$459.77
10,100	$2,431.58	$7,913.05	$2,901.44	$8,382.91	19.32%	5.94%	$469.87
10,400	$2,503.21	$8,147.50	$2,983.17	$8,627.46	19.17%	5.89%	$479.96
10,700	$2,574.84	$8,381.94	$3,064.89	$8,872.00	19.03%	5.85%	$490.06

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

ATTACHMENT 7
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GS-1
Small Commercial Transportation Service
Average Usage: 3 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $25.00	Customer Charge $8.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 48.064

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 1

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
1	$25.24	N/A	$8.48	N/A	-66.40%	N/A	($16.76)
2	$25.48	N/A	$8.96	N/A	-64.83%	N/A	($16.52)
3	$25.72	N/A	$9.44	N/A	-63.28%	N/A	($16.27)
4	$25.96	N/A	$9.92	N/A	-61.77%	N/A	($16.03)
5	$26.19	N/A	$10.40	N/A	-60.28%	N/A	($15.79)
6	$26.43	N/A	$10.88	N/A	-58.82%	N/A	($15.55)
7	$26.67	N/A	$11.36	N/A	-57.39%	N/A	($15.31)
8	$26.91	N/A	$11.85	N/A	-55.98%	N/A	($15.07)
9	$27.15	N/A	$12.33	N/A	-54.60%	N/A	($14.82)
10	$27.39	N/A	$12.81	N/A	-53.24%	N/A	($14.58)
11	$27.63	N/A	$13.29	N/A	-51.90%	N/A	($14.34)
12	$27.87	N/A	$13.77	N/A	-50.59%	N/A	($14.10)
13	$28.10	N/A	$14.25	N/A	-49.30%	N/A	($13.86)
14	$28.34	N/A	$14.73	N/A	-48.03%	N/A	($13.61)
15	$28.58	N/A	$15.21	N/A	-46.79%	N/A	($13.37)
16	$28.82	N/A	$15.69	N/A	-45.56%	N/A	($13.13)
17	$29.06	N/A	$16.17	N/A	-44.35%	N/A	($12.89)
18	$29.30	N/A	$16.65	N/A	-43.16%	N/A	($12.65)
19	$29.54	N/A	$17.13	N/A	-42.00%	N/A	($12.40)
20	$29.78	N/A	$17.61	N/A	-40.85%	N/A	($12.16)

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-100
Small Commercial Transportation Service
Average Usage: 34 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $25.00	Customer Charge $9.50
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 49.234

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 1

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
5	$26.19	N/A	$11.96	N/A	-54.33%	N/A	($14.23)
6	$26.43	N/A	$12.45	N/A	-52.88%	N/A	($13.98)
7	$26.67	N/A	$12.95	N/A	-51.46%	N/A	($13.73)
8	$26.91	N/A	$13.44	N/A	-50.06%	N/A	($13.47)
9	$27.15	N/A	$13.93	N/A	-48.69%	N/A	($13.22)
10	$27.39	N/A	$14.42	N/A	-47.34%	N/A	($12.96)
11	$27.63	N/A	$14.92	N/A	-46.01%	N/A	($12.71)
12	$27.87	N/A	$15.41	N/A	-44.71%	N/A	($12.46)
13	$28.10	N/A	$15.90	N/A	-43.42%	N/A	($12.20)
14	$28.34	N/A	$16.39	N/A	-42.16%	N/A	($11.95)
15	$28.58	N/A	$16.89	N/A	-40.92%	N/A	($11.70)
16	$28.82	N/A	$17.38	N/A	-39.70%	N/A	($11.44)
17	$29.06	N/A	$17.87	N/A	-38.51%	N/A	($11.19)
18	$29.30	N/A	$18.36	N/A	-37.33%	N/A	($10.94)
19	$29.54	N/A	$18.85	N/A	-36.17%	N/A	($10.68)
20	$29.78	N/A	$19.35	N/A	-35.02%	N/A	($10.43)
21	$30.01	N/A	$19.84	N/A	-33.90%	N/A	($10.18)
22	$30.25	N/A	$20.33	N/A	-32.80%	N/A	($9.92)
23	$30.49	N/A	$20.82	N/A	-31.71%	N/A	($9.67)
24	$30.73	N/A	$21.32	N/A	-30.64%	N/A	($9.41)

- *Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.*

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-220
Small Commercial Transportation Service
Average Usage: 26 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $25.00	Customer Charge $11.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 47.168

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 2

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
20	$29.78	N/A	$20.43	N/A	-31.37%	N/A	($9.34)
22	$30.25	N/A	$21.38	N/A	-29.34%	N/A	($8.88)
24	$30.73	N/A	$22.32	N/A	-27.37%	N/A	($8.41)
26	$31.21	N/A	$23.26	N/A	-25.46%	N/A	($7.94)
28	$31.69	N/A	$24.21	N/A	-23.60%	N/A	($7.48)
30	$32.16	N/A	$25.15	N/A	-21.80%	N/A	($7.01)
32	$32.64	N/A	$26.09	N/A	-20.06%	N/A	($6.55)
34	$33.12	N/A	$27.04	N/A	-18.36%	N/A	($6.08)
36	$33.60	N/A	$27.98	N/A	-16.71%	N/A	($5.62)
38	$34.07	N/A	$28.92	N/A	-15.11%	N/A	($5.15)
40	$34.55	N/A	$29.87	N/A	-13.56%	N/A	($4.68)
42	$35.03	N/A	$30.81	N/A	-12.04%	N/A	($4.22)
44	$35.51	N/A	$31.75	N/A	-10.57%	N/A	($3.75)
46	$35.98	N/A	$32.70	N/A	-9.13%	N/A	($3.29)
48	$36.46	N/A	$33.64	N/A	-7.74%	N/A	($2.82)
50	$36.94	N/A	$34.58	N/A	-6.37%	N/A	($2.35)
52	$37.42	N/A	$35.53	N/A	-5.05%	N/A	($1.89)
54	$37.89	N/A	$36.47	N/A	-3.75%	N/A	($1.42)
56	$38.37	N/A	$37.41	N/A	-2.49%	N/A	($0.96)
58	$38.85	N/A	$38.36	N/A	-1.26%	N/A	($0.49)

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

ATTACHMENT 7
Page 22 of 28

GS-600
Small Commercial Transportation Service
Average Usage: 86 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge	Customer Charge
$25.00	$12.00
Energy Charge (Cents per Therm)	Energy Charge (Cents per Therm)
23.877	42.041

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 3

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
50	$36.94	N/A	$33.02	N/A	-10.61%	N/A	($3.92)
53	$37.65	N/A	$34.28	N/A	-8.96%	N/A	($3.37)
56	$38.37	N/A	$35.54	N/A	-7.37%	N/A	($2.83)
59	$39.09	N/A	$36.80	N/A	-5.84%	N/A	($2.28)
62	$39.80	N/A	$38.07	N/A	-4.37%	N/A	($1.74)
65	$40.52	N/A	$39.33	N/A	-2.95%	N/A	($1.19)
68	$41.24	N/A	$40.59	N/A	-1.57%	N/A	($0.65)
71	$41.95	N/A	$41.85	N/A	-0.25%	N/A	($0.10)
74	$42.67	N/A	$43.11	N/A	1.03%	N/A	$0.44
77	$43.39	N/A	$44.37	N/A	2.27%	N/A	$0.99
80	$44.10	N/A	$45.63	N/A	3.47%	N/A	$1.53
83	$44.82	N/A	$46.89	N/A	4.63%	N/A	$2.08
86	$45.53	N/A	$48.16	N/A	5.76%	N/A	$2.62
89	$46.25	N/A	$49.42	N/A	6.85%	N/A	$3.17
92	$46.97	N/A	$50.68	N/A	7.90%	N/A	$3.71
95	$47.68	N/A	$51.94	N/A	8.93%	N/A	$4.26
98	$48.40	N/A	$53.20	N/A	9.92%	N/A	$4.80
101	$49.12	N/A	$54.46	N/A	10.88%	N/A	$5.35
104	$49.83	N/A	$55.72	N/A	11.82%	N/A	$5.89
107	$50.55	N/A	$56.98	N/A	12.73%	N/A	$6.44

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-1.2K
Small Commercial Transportation Service
Average Usage: 314 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $25.00	Customer Charge $15.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 30.836

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 20

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
100	$48.88	N/A	$45.84	N/A	-6.22%	N/A	($3.04)
120	$53.65	N/A	$52.00	N/A	-3.07%	N/A	($1.65)
140	$58.43	N/A	$58.17	N/A	-0.44%	N/A	($0.26)
160	$63.20	N/A	$64.34	N/A	1.79%	N/A	$1.13
180	$67.98	N/A	$70.50	N/A	3.72%	N/A	$2.53
200	$72.75	N/A	$76.67	N/A	5.39%	N/A	$3.92
220	$77.53	N/A	$82.84	N/A	6.85%	N/A	$5.31
240	$82.30	N/A	$89.01	N/A	8.14%	N/A	$6.70
260	$87.08	N/A	$95.17	N/A	9.29%	N/A	$8.09
280	$91.86	N/A	$101.34	N/A	10.33%	N/A	$9.49
300	$96.63	N/A	$107.51	N/A	11.26%	N/A	$10.88
320	$101.41	N/A	$113.68	N/A	12.10%	N/A	$12.27
340	$106.18	N/A	$119.84	N/A	12.87%	N/A	$13.66
360	$110.96	N/A	$126.01	N/A	13.57%	N/A	$15.05
380	$115.73	N/A	$132.18	N/A	14.21%	N/A	$16.44
400	$120.51	N/A	$138.34	N/A	14.80%	N/A	$17.84
420	$125.28	N/A	$144.51	N/A	15.35%	N/A	$19.23
440	$130.06	N/A	$150.68	N/A	15.85%	N/A	$20.62
460	$134.83	N/A	$156.85	N/A	16.32%	N/A	$22.01
480	$139.61	N/A	$163.01	N/A	16.76%	N/A	$23.40

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-6K
Small Commercial Transportation Service
Average Usage: 1,017 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $25.00	Customer Charge $30.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 26.802

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 130

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
500	$144.39	N/A	$164.01	N/A	13.59%	N/A	$19.63
630	$175.43	N/A	$198.85	N/A	13.35%	N/A	$23.43
760	$206.47	N/A	$233.70	N/A	13.19%	N/A	$27.23
890	$237.51	N/A	$268.54	N/A	13.07%	N/A	$31.03
1,020	$268.55	N/A	$303.38	N/A	12.97%	N/A	$34.84
1,150	$299.59	N/A	$338.22	N/A	12.90%	N/A	$38.64
1,280	$330.63	N/A	$373.07	N/A	12.84%	N/A	$42.44
1,410	$361.67	N/A	$407.91	N/A	12.79%	N/A	$46.24
1,540	$392.71	N/A	$442.75	N/A	12.74%	N/A	$50.05
1,670	$423.75	N/A	$477.59	N/A	12.71%	N/A	$53.85
1,800	$454.79	N/A	$512.44	N/A	12.68%	N/A	$57.65
1,930	$485.83	N/A	$547.28	N/A	12.65%	N/A	$61.45
2,060	$516.87	N/A	$582.12	N/A	12.63%	N/A	$65.26
2,190	$547.91	N/A	$616.96	N/A	12.60%	N/A	$69.06
2,320	$578.95	N/A	$651.81	N/A	12.58%	N/A	$72.86
2,450	$609.99	N/A	$686.65	N/A	12.57%	N/A	$76.66
2,580	$641.03	N/A	$721.49	N/A	12.55%	N/A	$80.47
2,710	$672.07	N/A	$756.33	N/A	12.54%	N/A	$84.27
2,840	$703.11	N/A	$791.18	N/A	12.53%	N/A	$88.07
2,970	$734.15	N/A	$826.02	N/A	12.51%	N/A	$91.87

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-25K
Small Commercial Transportation Service
Average Usage: 2,746 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $25.00	Customer Charge $80.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 27.074

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 200

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
2,100	$526.42	N/A	$648.55	N/A	23.20%	N/A	$122.14
2,300	$574.17	N/A	$702.70	N/A	22.39%	N/A	$128.53
2,500	$621.93	N/A	$756.85	N/A	21.69%	N/A	$134.93
2,700	$669.68	N/A	$811.00	N/A	21.10%	N/A	$141.32
2,900	$717.43	N/A	$865.15	N/A	20.59%	N/A	$147.71
3,100	$765.19	N/A	$919.29	N/A	20.14%	N/A	$154.11
3,300	$812.94	N/A	$973.44	N/A	19.74%	N/A	$160.50
3,500	$860.70	N/A	$1,027.59	N/A	19.39%	N/A	$166.90
3,700	$908.45	N/A	$1,081.74	N/A	19.08%	N/A	$173.29
3,900	$956.20	N/A	$1,135.89	N/A	18.79%	N/A	$179.68
4,100	$1,003.96	N/A	$1,190.03	N/A	18.53%	N/A	$186.08
4,300	$1,051.71	N/A	$1,244.18	N/A	18.30%	N/A	$192.47
4,500	$1,099.47	N/A	$1,298.33	N/A	18.09%	N/A	$198.87
4,700	$1,147.22	N/A	$1,352.48	N/A	17.89%	N/A	$205.26
4,900	$1,194.97	N/A	$1,406.63	N/A	17.71%	N/A	$211.65
5,100	$1,242.73	N/A	$1,460.77	N/A	17.55%	N/A	$218.05
5,300	$1,290.48	N/A	$1,514.92	N/A	17.39%	N/A	$224.44
5,500	$1,338.24	N/A	$1,569.07	N/A	17.25%	N/A	$230.84
5,700	$1,385.99	N/A	$1,623.22	N/A	17.12%	N/A	$237.23
5,900	$1,433.74	N/A	$1,677.37	N/A	16.99%	N/A	$243.62

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GS-60K
Small Commercial Transportation Service
Average Usage: 6,880 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $25.00	Customer Charge $150.00
Energy Charge (Cents per Therm) 23.877	Energy Charge (Cents per Therm) 27.242

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 300

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
5,000	$1,218.85	N/A	$1,512.10	N/A	24.06%	N/A	$293.25
5,300	$1,290.48	N/A	$1,593.83	N/A	23.51%	N/A	$303.35
5,600	$1,362.11	N/A	$1,675.55	N/A	23.01%	N/A	$313.44
5,900	$1,433.74	N/A	$1,757.28	N/A	22.57%	N/A	$323.54
6,200	$1,505.37	N/A	$1,839.00	N/A	22.16%	N/A	$333.63
6,500	$1,577.01	N/A	$1,920.73	N/A	21.80%	N/A	$343.73
6,800	$1,648.64	N/A	$2,002.46	N/A	21.46%	N/A	$353.82
7,100	$1,720.27	N/A	$2,084.18	N/A	21.15%	N/A	$363.92
7,400	$1,791.90	N/A	$2,165.91	N/A	20.87%	N/A	$374.01
7,700	$1,863.53	N/A	$2,247.63	N/A	20.61%	N/A	$384.11
8,000	$1,935.16	N/A	$2,329.36	N/A	20.37%	N/A	$394.20
8,300	$2,006.79	N/A	$2,411.09	N/A	20.15%	N/A	$404.30
8,600	$2,078.42	N/A	$2,492.81	N/A	19.94%	N/A	$414.39
8,900	$2,150.05	N/A	$2,574.54	N/A	19.74%	N/A	$424.49
9,200	$2,221.68	N/A	$2,656.26	N/A	19.56%	N/A	$434.58
9,500	$2,293.32	N/A	$2,737.99	N/A	19.39%	N/A	$444.68
9,800	$2,364.95	N/A	$2,819.72	N/A	19.23%	N/A	$454.77
10,100	$2,436.58	N/A	$2,901.44	N/A	19.08%	N/A	$464.87
10,400	$2,508.21	N/A	$2,983.17	N/A	18.94%	N/A	$474.96
10,700	$2,579.84	N/A	$3,064.89	N/A	18.80%	N/A	$485.06

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

GAS LIGHTING*
Average Usage: 18 therms per month

	PRESENT RATES	STAFF RECOMMENDED RATES
	Energy Charge (Cents per Therm)	Energy Charge (Cents per Therm)
	49.367	56.966
Gas Cost - Cents perTherm:	54.27	
Total Charge per Lamp without fuel:	$8.89	$10.25
Total Charge per Lamp with fuel:	$18.66	$20.02
Percentage increase without fuel:	15.39%	
Percentage increase with fuel:	7.33%	

* Gas lighting customers are billed a fixed monthly charge per lamp based on estimated usage of 18 therms per month per lamp.
- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective December 2003.

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CITY GAS COMPANY OF FLORIDA
BILL COMPARISONS - PRESENT VS. STAFF RECOMMENDED RATES
DOCKET NO. 030569-GU

NATURAL GAS VEHICLES (NGVSS & NGVTS)
Average Usage: 333 therms per month

PRESENT RATES	STAFF RECOMMENDED RATES
Customer Charge $15.00	Customer Charge $15.00
Energy Charge (Cents per Therm) 17.500	Energy Charge (Cents per Therm) 22.541

Gas Cost Cents/Therm: N/A

Therm Usage Increment: 20

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Staff Recommended Monthly Bill w/o Fuel	Staff Recommended Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
100	$32.50	N/A	$37.54	N/A	15.51%	N/A	$5.04
120	$36.00	N/A	$42.05	N/A	16.80%	N/A	$6.05
140	$39.50	N/A	$46.56	N/A	17.87%	N/A	$7.06
160	$43.00	N/A	$51.07	N/A	18.76%	N/A	$8.07
180	$46.50	N/A	$55.57	N/A	19.51%	N/A	$9.07
200	$50.00	N/A	$60.08	N/A	20.16%	N/A	$10.08
220	$53.50	N/A	$64.59	N/A	20.73%	N/A	$11.09
240	$57.00	N/A	$69.10	N/A	21.23%	N/A	$12.10
260	$60.50	N/A	$73.61	N/A	21.66%	N/A	$13.11
280	$64.00	N/A	$78.11	N/A	22.05%	N/A	$14.11
300	$67.50	N/A	$82.62	N/A	22.40%	N/A	$15.12
320	$71.00	N/A	$87.13	N/A	22.72%	N/A	$16.13
340	$74.50	N/A	$91.64	N/A	23.01%	N/A	$17.14
360	$78.00	N/A	$96.15	N/A	23.27%	N/A	$18.15
380	$81.50	N/A	$100.66	N/A	23.50%	N/A	$19.16
400	$85.00	N/A	$105.16	N/A	23.72%	N/A	$20.16
420	$88.50	N/A	$109.67	N/A	23.92%	N/A	$21.17
440	$92.00	N/A	$114.18	N/A	24.11%	N/A	$22.18
460	$95.50	N/A	$118.69	N/A	24.28%	N/A	$23.19
480	$99.00	N/A	$123.20	N/A	24.44%	N/A	$24.20

- Bills do not include competitive rate adjustment, conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

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DOCKET NO. 030569-GU
DATE: DECEMBER 23, 2003

Attachment 8

City Gas Company of Florida

Docket No. 030569-GU

Staff Recommended Development of Demand Charge per Demand Charge Quantity

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Rate Class	Annual Allocated Return (NOI) and Depreciation on Capacity Costs	Winter Months Capacity Costs	Peak Month Consumption (Therms)	Peak and Average Month Consumption (Therms)	Peak Capacity Contribution Percentage	Winter Months Peak Capacity Cost	Winter Demand Charge Quantity (Therms)	Summer Demand Charge Quantity (Therms)	Weighted Average Demand Charge Quantity (Therms)
GS-120K	$1,087,766	$453,236	767,920	1,498,235	51.25%	$232,306	67,400	55,097	60,160
GS-250K	$1,579,912	$658,297	1,127,759	2,200,840	51.24%	$337,326	98,530	69,000	81,215
GS-1250k	$1,258,406	$524,336	1,474,656	2,874,391	51.30%	$269,001	83,720	79,560	81,211
Total	**$3,926,084**	**$1,635,869**	**3,370,335**	**6,573,466**	**51.27%**	**$838,633**	**249,650**	**203,657**	**222,586**

	Total
Winter Months Peak Capacity Cost	**$838,633**
Weighted Average Demand Charge Quantity in Therms	**$222,586**
Number of Months	**12**
Monthly Demand Charge per Demand Charge Quantity (Therms)	**$0.314**

Notes:

(1) From Cost of Service Study, Schedule H-2
(2) Winter assumed to be 5 months
(3) and (4) From Cost of Service Study
(5) (3)/(4)
(6) (2)*(5)
(7) and (8) Based on historic consumption for 36-month period ending Sept 30, 2002
(9) (7)*5/12 plus (8)*7/12, winter season November through March, summer season April through October