

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

AUGUST 17, 2004

RE: Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

Issue 1: Should the request for a permanent increase in rates and charges be suspended for Sebring?

Recommendation: Yes. Staff recommends that the requested permanent increase in rates and charges of \$234,641 be suspended for Sebring.

APPROVED

Issue 2: Is Sebring's proposed interim test year rate base of \$782,836 appropriate?

Recommendation: No. Rate Base should be increased by \$10,951 to \$793,787 to reflect a \$10,951 increase to Working Capital.

DENIED

The company's working capital allowance will be used.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Mark M. Dred

Mauro

John

Rudy Bradley

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

08944 AUG 17 04

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Issue 3: Is Sebring's proposed interim test year net operating income of (\$32,891) appropriate?

Recommendation: No. The appropriate interim test year net operating income for Sebring is (\$29,999).

APPROVED

Issue 4: Is Sebring's proposed return on equity of 10.00% and its overall cost of capital of 7.13% appropriate for purposes of determining interim rates?

Recommendation: No. Though Sebring's appropriate return on equity is 10.00%, staff believes the Commission should reduce the balance of common equity in the capital structure. This results in an overall cost of capital for interim purposes of 6.07%.

APPROVED

Issue 5: Is Sebring's proposed revenue expansion factor of 79.9234% and its interim net operating income multiplier of 1.2512 appropriate?

Recommendation: Yes. The proposed interim revenue expansion factor of 79.9234% and the proposed interim net operating income multiplier of 1.2512 are appropriate.

APPROVED

Issue 6: Should Sebring's requested interim revenue increase of \$110,957 be granted?

Recommendation: No. After making the previous adjustments, the interim revenue increase for Sebring should be \$97,821.

APPROVED

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Issue 7: How should the interim revenue increase for Sebring be distributed among the rate classes?

Recommendation: Any interim revenue increase approved should be applied evenly across the board to all rate classes based on their base rate revenues, as required by Rule 25-7.040, F.A.C., and should be recovered on a cents-per-therm basis. The interim rates should be made effective for all meter readings made on or after thirty days from the date of the vote approving any interim increase. Sebring should file revised tariff sheets reflecting the interim rates prior to sending the first bill that reflects the increase, and should give notice to customers of the interim increase commencing with the first bill for service that reflects the increase.

APPROVED

Issue 8: What is the appropriate security to guarantee the amount collected subject to refund?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is an irrevocable letter of credit, a surety bond, or an escrow agreement. Staff recommends that Sebring pursue the least expensive method. If necessary, the refund should be with interest and undertaken according to Rule 25-7.040(3), F.A.C.

APPROVED

Issue 9: Should this docket be closed?

Recommendation: No. This docket should remain open to process the revenue increase request of the Company.

APPROVED