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Public Service Commission

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COMMISSION CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: October 18, 2004

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Timothy J. Devlin, Director, Division of Economic Regulation *TD*

RE: Item 13 - October 19, 2004 Agenda Conference - Docket No. 040216-GU - Application for rate increase by Florida Public Utilities Company

OK MAB

On Friday, October 15, 2002, staff filed revised issues pursuant to Section 2.11.B.3.C, Administrative Procedures Manual for Item 13 on the October 19, 2004 Agenda Conference - Docket No. 040216-GU - Application for rate increase by Florida Public Utilities Company.

After the revisions were distributed, it was discovered that the pages did not match, due to an additional page being added. Therefore, in the abundance of caution, to avoid any potential confusion on this item at the agenda conference, it was decided that the only alternative was to file the recommendation in its entirety with the appropriate revised issues identified.

Staff is filing the required copies for distribution. This recommendation should replace the original recommendation and subsequent revised issues, which were previously filed. Once again, for clarification, staff has revised the following issues and pages.

Issues 4 and 5 – pages 9 & 10 – Staff’s originally recommended adjustments contained erroneous amounts. Therefore, these adjustment amounts have been revised to reflect the correct amount.

- CMP — Issue 9 - page 16 - Contains a reference to staff’s recommended overall rate of return and
- COM — resulting rates. The recommended rate of return and resulting rates have been revised; therefore,
- CTR — the references were revised. No change to staff’s recommendation, only the analysis.
- ECR — Issue 17 - page 26 – Rate base calculation, this is a “fall out” amount based on staff’s revisions.
- GCL —
- OPC — Issue 18 – page 27 and new page 28 – Staff revised its recommendation and analysis after
- MMS — numerous discussions and revised calculation with the utility. Upon discovery of utility errors in
- RCA — its filing, staff was required to recalculate the appropriate accumulated deferred income taxes in
- SCR — the capital structure.
- SEC — Issue 21 – new pages 32 – 34 – Overall rate of return calculation, this is a “fall out” amount
- OTH — based on staff’s revisions.

DOCUMENT NUMBER-DATE

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Issue 41 – new page 54 – Taxes other than income calculations, these are “fall out” amounts based on staff’s revisions.

Issue 42 – new page 55 - Income tax calculation, this is a “fall out” amount based on staff’s revisions.

Issue 43 – new page 56 – Net Operating Income calculation, this is a “fall out” amount based on staff’s revisions.

Issue 45 – new page 58 – Annual revenue increase calculation, this is a “fall out” amount based on staff’s revisions.

Issue 50 – new pages 64 & 65 -- There was an error made in staff’s recommended charge for Electronic Bill Payment Charge based upon an erroneous tariff sheet submitted by the utility. The recommended charge has been revised from 3.5% to \$3.50 per transaction.

All Schedules and Attachments have also been revised. This includes staff’s recommended rates contained in Attachment 6.

As stated in my October 14, 2004, memorandum, the utility refused to waive the statutory deadline. The overall effect of these changes results in an increase in revenue requirements of \$71,866 to a total revenue increase of \$5,865,903.

Staff is submitting the original and 25 3-hole-punched copies for distribution to Commissioners, Executive Director, other recipients, and the docket file in accordance with 2.11.B.3.C, Administrative Procedures Manual.

Cc: Mary Andrews Bane, Executive Director
Charles H. Hill, Deputy Executive Director
Manual Arisso, Assistant to Chairman Baez
Cayce Hinton, Assistant to Commissioner Deason
JoAnn Chase, Assistant to Commissioner Jaber
Larry Harris, Assistant to Commissioner Bradley
Katrina Tew, Assistant to Commissioner Davidson
Division of Economic Regulation (Willis, Kummer, Rendell)
Office of the General Counsel (Melton, Helton, Jaeger)
Office of Public Counsel (Mann, Poucher)
Betty Ashby
Diane Lee