

State of Florida



Public Service Commission ORIGINAL

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TALLAHASSEE, FLORIDA 32399-0850 AM 10:32

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

DATE: May 2, 2005
TO: Kay B. Flynn, Division of the Commission Clerk & Administrative Services
FROM: John Slemkewicz, Division of Economic Regulation JS
RE: Docket No. 050224-GU, Florida Public Utilities Company 2002 Overearnings - Document for Docket File

Please include the attached letter, dated March 7, 2003, from Cheryl Martin (FPUC) to Dale Mailhot as an official document in the docket file.

- CMP _____
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DOCUMENT NUMBER - DATE
04247 MAY-2 05
FPSC-COMMISSION CLERK



401 South Dixie Hwy
West Palm Beach, FL 33401

March 7, 2003

Mr. Dale Mailhot
Florida Public Service Commission
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0865

Dear Mr. Mailhot:

Florida Public Utilities Company agrees to cap its earned return on equity (ROE) for calendar year 2002 at 12.40% for the Consolidated Natural Gas Division. This cap represents the maximum authorized ROE for this division.

The calculation of the earned ROE will be based on the "FPSC Adjusted Basis" in the Earnings Surveillance Reports for December 2002, using the same adjustments approved in our last FPSC Consolidated Natural Gas rate case. All reasonable and prudent expenses and investment will be allowed in the calculation. The calculation is subject to fine-tuning by Florida Public Utilities Company and Commission audit.

The company also requests consideration, and additional support will be filed in April 2003, to allow goodwill (excess of purchase price over the FMV of net assets and net booked cost of fixed assets) and intangibles, associated with our recent acquisition of certain net assets of SFNG, to be included in rate base for the calendar year 2002 and years thereafter. Currently this adjustment is shown as a proforma rate base adjustment in the Surveillance Report.

The disposition of any excess earnings shall be left to the discretion of the Commission. In addition to a direct cash refund, the Company requests consideration of other alternatives such as additional contributions to the environmental reserve, or the reduction of any depreciation reserve deficiencies.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl M. Martin".

Cheryl M. Martin
Controller

CC:
Office of Public Counsel
FPUC (Bachman, English, Stein, Schneidermann, Kitner)

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03 MAR 12 AM 10:53
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