

Ann Cole

From: Chuck Hill
Sent: Monday, April 21, 2008 3:53 PM
To: Marshall Willis; Ann Cole; William C. Garner; Roberta Bass; Bridget Grimsley; Larry Harris; Lorena Holley; Betty Ashby; Diane Lee; Carol Purvis
Cc: Tim Devlin; Cheryl Bulecza-Banks; John Slemkewicz; Mary Anne Helton; Anne Marsh; Jennifer Brubaker; Martha Brown; Connie Kummer; Elisabeth Draper; Paul Stallcup
Subject: RE: April 22, 2008 Agenda Conference - Item 7 - Petition for Rate Increase by Florida Public Utilities Company

Approved. Marshall, please be sure and touch base with the Commissioners' offices to make sure they are aware of the modifications and see if they have any questions.

Ann, please make any necessary modifications to the vote sheets and Clerk files.

From: Marshall Willis
Sent: Monday, April 21, 2008 3:43 PM
To: Chuck Hill
Cc: Tim Devlin; Cheryl Bulecza-Banks; John Slemkewicz; Mary Anne Helton; Anne Marsh; Jennifer Brubaker; Martha Brown; Connie Kummer; Elisabeth Draper; Paul Stallcup
Subject: RE: April 22, 2008 Agenda Conference - Item 7 - Petition for Rate Increase by Florida Public Utilities Company

In accordance with APM 2.11(B)(3)(c), staff is requesting permission to make an oral modification to the Recommendation at the April 22, 2008 Agenda Conference on Item 7 - Petition for Rate Increase by Florida Public Utilities Company, Issue 43. All of the revisions are related to an error the Company made in its original MFR filing. FPUC failed to carry forward the correct accumulated depreciation balances for certain general plant accounts from year end 2007 to beginning of year 2008. Staff did not make the appropriate adjustment to decrease accumulated depreciation by \$162,633. As a result, net plant in service and total rate base increased by \$162,633. The net effect of \$162,633 adjustment is a revenue requirement increase of \$15,582. This adjustment has a fallout effect on Issues 61, 117, 118, 120 and 126.

The requested revisions are as follows:

Issue 43:

Is FPUC's requested level of accumulated depreciation for Plant in Service in the amount of \$35,667,257 for the December 2008 projected test year appropriate?

Recommendation:

No. The appropriate level of accumulated depreciation for Plant in Service and Common Plant is \$37,078,382 ~~\$37,241,015~~ for 2008. (Marsh)

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Issue 61:

Is FPUC's requested rate base in the amount of \$43,020,996 for the December 2008 projected test year appropriate?

Recommendation:

No. The appropriate amount of rate base for the projected test year is \$40,209,549 ~~40,046,916~~. (Gardner)

Issue 117:

Should an adjustment be made to Income Tax expense for the December 2008 projected test year?

Recommendation:

Yes. FPUC's requested current income tax expense of (\$1,360,960) should be increased by a total of \$333,754 ~~336,011~~ to reflect an adjusted test year expense of (\$1,027,206) ~~1,024,949~~. FPUC's requested deferred income tax expense of \$581,498 should be increased by \$25,769 to reflect an adjusted test year expense of \$607,267. FPUC's net investment tax credit should be (\$27,935). (Kyle)

Issue 118:

Is FPUC's projected Net Operating Income in the amount of \$206,341 for the December 2008 projected test year appropriate?

Recommendation:

No. The appropriate Net Operating Income for the December 2008 projected test year is \$645,897 ~~643,640~~. (Slemkewicz)

Issue 120:

Is FPUC's requested annual operating income increase of \$5,249,895 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate annual operating revenue increase for the December 2008 projected test year is \$3,711,037 ~~3,695,455~~. (Slemkewicz)

The company made an error in its MFRs in that it failed to carry forward the correct accumulated depreciation balances for certain general plant accounts from year end 2007 to beginning of year 2008. The result is a decrease to accumulated depreciation of \$162,

Issue 126:

What are the appropriate energy charges?

Recommendation:

The appropriate energy charges are shown below:

Residential Service: 1.929 ~~1.925~~ cents per kWh

General Service – Non-Demand: 1.894 ~~1.891~~ cents per kWh

General Service Demand: 0.328 ~~0.327~~ cents per kWh

General Service – Large Demand: 0.130 ~~0.129~~ cents per kWh

(Draper)