FLORIDA PUBLIC SERVICE COMMISSION

10

VOTE SHEET

May 5, 2009

Docket No. 080366-GU – Petition for rate increase by Florida Public Utilities Company.

Issue 1: Is FPUC's projected test period of the 12 months ending December 31, 2009, appropriate?
Recommendation: Yes. With the adjustments recommended by staff in the following issues, the projected test year of 2009 is appropriate.

APPROVED

Issue 2: Are the projected bills and therms for the test year ending December 31, 2009, appropriate for use in this case?
Recommendation: Yes. The projected bills and therms for the test year ending December 31, 2009, are appropriate for use in this case

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING
Nathan A. Skop	
Katrina J. McMurrian	
[illegible]	
Lisa Edgar	
Nancy Argenziano by [illegible]	Nancy Argenziano - Issue 15 only

REMARKS/DISSENTING COMMENTS: Chairman Carter participated in the conference by telephone. He will sign the vote sheet upon his return to the office.
Chairman Carter and Commissioner Argenziano dissented on Issue 15. Staff was directed to make any technical changes based on the decisions made at the conference.

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FPSC-COMMISSION CLERK

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Issue 3: Is the quality of service provided by FPUC adequate?
Recommendation: Yes. FPUC's quality of service is satisfactory.

APPROVED

Issue 4: Should an adjustment be made to update the allocations attributable to non-regulated business and common plant?
Recommendation: Yes. Staff recommends adjustments to increase plant in service and the accumulated depreciation reserve by $81,565 and $79,623, respectively, to reflect the 2009 allocation factors. Staff also recommends an adjustment to increase depreciation expense by $17,740.

APPROVED

Issue 5: Should an adjustment be made for the allocation of common Electronic Data Processing Equipment (EDP)?
Recommendation: Yes. Staff recommends adjustments to increase plant in service and the accumulated depreciation reserve by $90,819 and $52,067, respectively, for the test year. Staff also recommends an adjustment to increase depreciation expense by $9,616.

APPROVED

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Issue 6: Should FPUC's proposed adjustments to Rate Base and Depreciation Expense & Amortization expense due to the expansion and modification of its bare steel replacement program be approved?
Recommendation: No. The Company's modified bare steel replacement program should be approved, with the exception that the replacement period should be shortened to 50 years to reflect the average useful life of the equipment. Staff recommends an adjustment to decrease the Company's plant in service and depreciation reserve by $67,503 and $716, respectively. Staff also recommends an adjustment to increase amortization expense by $124,621 and decrease depreciation expense by $1,841.
Further, the Company should be required to file a report with the Commission's Division of Economic Regulation, within 90 days of the final order in this rate case, showing the dollar amount and feet of plastic mains and services installed in 2005, 2006, 2007, and 2008 to replace the bare steel pipe retired in those same years. Thereafter, the Company should be required to file an annual status report by March 31 of each year showing the dollar amount and feet of plastic mains, services and tubing installed during the previous calendar year to replace bare steel pipe and tubing retired that year.

APPROVED

Issue 7: Should FPUC's Area Expansion Program (AEP) deficiency be allowed in rate base?
Recommendation: Yes. Staff recommends that the Company's AEP deficiency be allowed in rate base, as corrected. This requires an adjustment to increase plant in service by $17,419 to correct an error in the Company's filing.

APPROVED

Issue 8: Should an adjustment be made to Account 252 - Customer Advances for the projected test year?
Recommendation: Yes. Account 252 - Customer Advances for Construction should be increased by $87,449 for the projected 2009 test year.

APPROVED

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Issue 9: Is FPUC's requested level of Working Capital Allowance for the projected test year appropriate?
Recommendation: No. Staff recommends that working capital be reduced by $26,028, to correct errors in the Company's calculation of workman's compensation insurance and non-utility plant for the 2009 test year.

APPROVED

Issue 10: Is FPUC's requested level of Rate Base for the projected test year appropriate?
Recommendation: No. The appropriate amount of rate base for the 2009 projected test year is $73,262,885, as shown on Schedule 1 of staff's memorandum dated April 23, 2009.

APPROVED

Issue 11: What is the appropriate amount of accumulated deferred income taxes (ADITs) to include in the capital structure?
Recommendation: The appropriate amount of ADITs to include in the capital structure for the projected test year is $2,773,818.

APPROVED

Issue 12: What is the appropriate amount and cost rate of the unamortized investment tax credits (ITCs) to include in the capital structure?
Recommendation: The appropriate amount and cost rate of unamortized ITCs to include in the capital structure are $115,553 and 8.79 percent, respectively.

APPROVED

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Issue 13: What is the appropriate cost rate for short-term debt for the projected test year?
Recommendation: The appropriate cost rate for short-term debt is 2.73 percent.

APPROVED

Issue 14: What is the appropriate cost rate for long-term debt for the projected test year?
Recommendation: The appropriate cost rate for long-term debt for the projected test year is 7.90 percent.

APPROVED

Issue 15: What is the appropriate return on common equity for the projected test year?
Recommendation: The appropriate return on common equity for the projected test year is ~~11.00~~ 10.85 percent with a range of plus or minus 100 basis points.

MODIFIED as stated at the conference and noted above. Chairman Carter and Commissioner Argenziano dissented.

Issue 16: What is the appropriate capital structure for the projected test year?
Recommendation: The appropriate capital structure is detailed on Schedule 2 of staff's memorandum dated April 23, 2009. Staff recommends the implementation of a 13-month average capital structure consistent with prior Commission practice.

APPROVED

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Issue 17: 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 for the test year is 8.23 percent. This is a calculation based upon decisions in preceding issues.

APPROVED

Issue 18: Has FPUC eliminated the appropriate amount of expense attributable to non-regulated business?
Recommendation: No. Account 912.1 – Demonstrating and Selling Expenses should be reduced by $73,751 for the projected 2009 test year.

APPROVED

Issue 19: Has FPUC eliminated all revenues and expenses associated with franchise fees?
Recommendation: No. Both operating revenues and taxes other than income should be reduced by $1,441,002 for the 2009 projected test year.

APPROVED

Issue 20: Has FPUC eliminated all revenues and expenses associated with gross receipts tax?
Recommendation: No. Both operating revenues and taxes other than income should be reduced by $2,315,886 for the projected 2009 test year.

APPROVED

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Issue 21: Is FPUC's inflation trend factor appropriate?
Recommendation: Yes, FPUC's inflation trend factor is appropriate.

APPROVED

Issue 22: Should an adjustment be made for an invoice not recorded to Account 903 - Customer Records and Collections?
Recommendation: Yes. Account 903 – Customer Records and Collections should be increased by $24,539 for the 2009 projected test year.

APPROVED

Issue 23: Should FPUC's Account 904 - Uncollectible Accounts expense be adjusted and what is the appropriate factor to include in the revenue expansion factor?
Recommendation: Yes. Account 904 – Uncollectible Accounts expense should be reduced by $116,853. Also, the bad debt factor to include in the net operating income multiplier should be .51 percent.

APPROVED

Issue 24: Should an adjustment be made to expenses for misclassified travel expenses for the projected test year?
Recommendation: Yes. Staff recommends an adjustment to decrease Account 912 - Demonstration and Selling Expenses by $2,093 for the test year.

APPROVED

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Issue 25: Should an adjustment be made to Account 913 - Promotional Advertising expense for the projected test year?
Recommendation: Yes. Staff recommends an adjustment to reduce Account 913 - Promotional Advertising expense by $56,238, for the 2009 test year.

APPROVED

Issue 26: Should an adjustment be made to Account 920 - Administrative and General Salaries for officer's salaries?
Recommendation: Yes. Account 920 - Administrative and General Salaries should be decreased by $44,595 for the projected 2009 test year.

APPROVED

Issue 27: Should an adjustment be made for the cost of new flooring in the corporate office, for the projected test year?
Recommendation: Yes. Account 935 – Maintenance of General Plant should be reduced by $6,750, for the projected test year, to reflect the economic life of the flooring.

APPROVED

Issue 28: Is the requested storm damage accrual appropriate?
Recommendation: No. Staff recommends an adjustment to decrease Account 924 - Property Insurance by $162,080 and increase working capital $81,040. These adjustments include staff's recommended an annual storm damage accrual of $6,000 with a target level of $1,000,000.

APPROVED

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Issue 29: Should an adjustment be made to Account 926.5 - Employee Benefits Medical, for the projected test year?
Recommendation: Yes. Account 926.5 - Employee Benefits Medical should be reduced by $235,805.

APPROVED

Issue 30: Should an adjustment be made to rate case expense for the projected test year and what is the appropriate amortization period?
Recommendation: Yes. Rate case expense should be reduced by $60,109 and the expense should be amortized over four years. Also, the unamortized portion of the allowed expense should be excluded from the projected test year working capital resulting in a decrease to working capital of $324,270.

APPROVED

Issue 31: Should an adjustment be made to accumulated depreciation and depreciation expense to reflect the Commission's decision in Docket No. 080548-GU, In re: 2008 Depreciation Study for FPUC to be implemented 2009?
Recommendation: Yes. Staff recommends an adjustment to increase depreciation expense by $205,596 and an adjustment to increase depreciation reserve by $118,954 for the 2009 test year.

APPROVED

Issue 32: Should an adjustment be made to remove expenses associated with vacant positions?
Recommendation: Yes. Staff recommends that operating expenses be reduced by $190,505 to reflect vacant employee positions as of April 2009.

APPROVED

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Issue 33: Should an adjustment be made to remove a portion of Account 408.1 - Taxes Other Than Income Taxes for property tax expense associated with the new South Florida Operations Facility?
Recommendation: Yes. Staff recommends that Account 408.1 - Taxes Other Than Income Taxes be reduced by $114,079 for the property tax expense associated with the new South Florida Operations Facility. Staff also recommends that this expense be addressed with the new South Florida Operations Facility rate relief issue.

APPROVED

Issue 34: Is an adjustment required for FPUC's Taxes Other Than Income Taxes due to Common Plant Allocations for the projected test year appropriate?
Recommendation: Yes. FPUC's Account 408.1 – Taxes Other Than Income Taxes should be reduced by $66,363 for the projected test year.

APPROVED

Issue 35: What is the appropriate Income Tax Expense, including current and deferred income taxes, investment tax credit (ITC) amortization, and interest synchronization?
Recommendation: The appropriate amount of Income Tax Expense, including current and deferred income taxes, ITC amortization, and interest synchronization is a negative $1,184,861 for the 2009 projected test year.

APPROVED

Issue 36: Is FPUC's Net Operating Income for the projected test year appropriate?
Recommendation: No. FPUC's Net Operating Income with staff's recommended adjustments is $740,052, as shown on Schedule 3 of staff's memorandum dated April 23, 2009.

APPROVED

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Issue 37: What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPUC?
Recommendation: The appropriate Revenue Expansion Factor is 61.7400 and the appropriate Net Income Multiplier is 1.6197, as shown on Schedule 4 of staff's memorandum dated April 23, 2009.

APPROVED

Issue 38: Is FPUC's requested annual operating revenue increase of $9,917,690 for the 2009 projected test year appropriate?
Recommendation: No. The appropriate annual operating revenue increase is $8,567,376, as shown on Schedule 5 of staff's memorandum dated April 23, 2009, for the projected test year.

APPROVED

Issue 39: Are FPUC's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate?
Recommendation: Yes. FPUC's estimated revenues from sales of gas by rate class at present rates for projected test year are appropriate.

APPROVED

Issue 40: What is the appropriate cost of service methodology to be used in allocating costs to the rate classes?
Recommendation: The appropriate methodology is contained in Schedule 6 of staff's memorandum dated April 23, 2009, pages 1-21.

APPROVED

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Issue 41: What are the appropriate customer charges?
Recommendation: Staff's recommended charges are as follows:

Rate Class	Staff Recommended Customer Charges
RS	$11.00
GS-1/GSTS-1	$20.00
GS-2/GSTS-2	$33.00
LVS/LVTS	$90.00
IS/ITS	$280.00
RS-GS	$21.30
CS-GS	$35.86

APPROVED

Issue 42: What are the appropriate per therm non-fuel energy charges?
Recommendation: The appropriate per therm non-fuel energy charges are shown in the table below:

Rate Class	Staff Recommended Energy Charges (cents per therm)
RS	52.011
GS-1/GSTS-1	40.125
GS-2/GSTS-2	40.125
LVS/LVTS	36.143
IS/ITS	23.559
GLS/GLSTS	24.704
RS-GS	52.011
CS-GS	40.125

APPROVED

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Issue 43: What are the appropriate miscellaneous service charges?
Recommendation: The appropriate miscellaneous service charges are as follows:

Service Charge	Staff Recommendation
Establishment of Service - Regularly Scheduled	
RS, RS-GS	$52.00
GS-1, GS-2, CS-GS, GSTS-1, GSTS-2	$75.00
LVS, LVTS, IS, ITS	$112.00
Establishment of Service - Same Day or Outside Normal Business Hours	
RS, RS-GS	$69.00
GS-1, GS-2, CS-GS, GSTS-1, GSTS-2	$96.00
LVS, LVTS, IS, ITS	$144.00
Change of Account - Regularly Scheduled	$23.00
Change of Account - Same Day or Outside Normal Business Hours	$29.00
Reconnection After Disconnection for Non-Pay - Regularly Scheduled	
RS, RS-GS	$81.00
GS-1, GS-2, CS-GS, GSTS-1, GSTS-2	$104.00
LVS, LVTS, IS, ITS	$141.00
Reconnection After Disconnection for Non-Pay - Same Day or Outside Normal Business Hours	
RS, RS-GS	$98.00
GS-1, GS-2, CS-GS, GSTS-1, GSTS-2	$125.00
LVS, LVTS, IS, ITS	$173.00
Bill Collection in Lieu of Disconnection for Non-Pay	$25.00
Trip Charge – Regularly Scheduled	$23.00
Trip Charge - Same Day or Outside Normal Business Hours	$29.00

APPROVED

Issue 44: Are the proposed new temporary disconnection charges appropriate?
Recommendation: Yes. The new service charges for temporary disconnection of service ($29.00 for regularly scheduled and $35.00 for same day service) are appropriate.

APPROVED

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Issue 45: Is FPUC's proposal to stratify the current commercial General Service (GS/GST) rate class into two rate classes (GS-1/GSTS-1 and GS-2/GSTS-2) appropriate?
Recommendation: Yes.

APPROVED

Issue 46: Should residential generator-only customers who currently take service under the residential rate be transferred to the residential standby generator service (RS-GS) rate schedule approved in Docket No. 080072-GU?
Recommendation: Yes.

APPROVED

Issue 47: Is the proposed new Commercial Standby Generator Service (CS-GS) rate schedule appropriate?
Recommendation: Yes, the proposed new Commercial Standby Generator Service (CS-GS) rate schedule is appropriate, and all current commercial generator-only customers should be transferred to the CS-GS rate schedule. The Commission has previously approved residential and commercial generator rate schedules for Peoples Gas System.

APPROVED

Issue 48: Is the proposed new Gas Lighting Service Transportation Service (GLSTS) rate schedule appropriate?
Recommendation: Yes.

APPROVED

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Issue 49: Are the proposed modifications to the Area Expansion Surcharge appropriate?
Recommendation: The Commission should approve all adjustments proposed by FPUC to its Area Extension Program, with the exception of the requested rate of return. FPUC's proposed modifications to the AEP equitably distributes charges in the various rate classes. The Commission should require FPUC to use the approved rate of return mid-point for all Area Expansion Programs.

APPROVED

Issue 50: Is the proposed increase to all existing Area Expansion Surcharges to lower the projected unrecovered excess construction cost balances appropriate?
Recommendation: Yes. The changes proposed to the existing Area Expansion Surcharges to lower the projected unrecovered excess construction costs balances allow for a reasonable capture of some outstanding excess construction costs before transferring the balance to all of FPUC's rate base.

APPROVED

Issue 51: What is the appropriate effective date for FPUC'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. FPUC should file revised tariffs to reflect the Commission-approved final rates and charges for administrative approval within five (5) business days of issuance of the PAA order. Pursuant to Rule 25-22.0406(8), F.A.C., customers should be notified of the revised rates in their first bill containing the new rates. A copy of the notice should be submitted to staff for approval prior to its use.

APPROVED

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Issue 52: Should any portion of the $984,054 interim increase granted by Order No. PSC-09-123-PCO-GU, issued March 3, 2009, be refunded to the ratepayers?
Recommendation: No. The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenues granted. Based on this calculation, no refund is required. Further, upon issuance of the Consummating Order in this docket, the corporate undertaking should be released.

APPROVED

Issue 53: Should FPUC 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 that will be required as a result of the Commission's findings in this rate case?
Recommendation: Yes. FPUC should 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.

APPROVED

Issue 54: Should there be a step increase for the new South Florida Operations Center and, if so, what procedure should be used?
Recommendation: No. Staff recommends that a step increase for the new South Florida Operations Center be denied at this time and that the Commission take no other action with respect to possible future proceedings for this matter.

APPROVED

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Issue 55: Should this docket be closed?
Recommendation: Yes. If no substantially affected person files a protest within 21 days of the date of the Proposed Agency Action Order, this docket should be closed upon the issuance of a Consummating Order, and the utility's completion of refunds, if any, and filing of the appropriate notices and tariffs.

DENIED This docket is to remain open.

In the event the merger is consummated, 1) a new docket will be opened, 2) the company will file MFRs and testimony (reflecting, at a minimum, the effect of the merger, the synergies of the merger, and the change in capital structure), within 180 days, based on a 2011 test year, and 3) monies that are collected will be held, subject to refund, from the date that the merger is consummated.