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## Public Service Commission

October 4, 2013

Beth Keating, Esquire  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301

### STAFF'S FOURTH DATA REQUEST

**Re: Docket Number 120311-GU - Petition for approval of positive acquisition adjustment to reflect the acquisition of Indiantown Gas Company by Florida Public Utilities Company.**

Dear Ms. Keating:

By this letter, the Commission staff requests that Florida Public Utilities Company (FPUC or Company) provide responses to the following data requests.

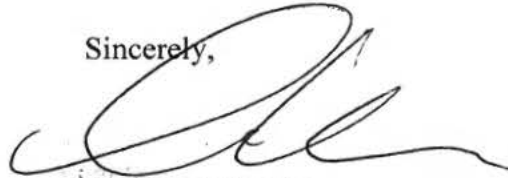
1. Per Staff's Audit Finding Number 3, the June 30, 2010 operation and maintenance (O&M) expenses were reported as \$522,308, but based on the general ledgers for the period of July 1, 2009 through June 30, 2010, the O&M expenses should have been \$468,822, a difference of \$53,486. Based on this audit finding, the \$187,792 of annual cost savings should be reduced by \$53,486, resulting in a total of \$134,306. Please update the chart (Attachment 3) provided as part of the Company's response to Question Numbers 3 and 4 of Staff's Third Data Request, to show the revised cost savings in the amount of \$134,306 for "Operating Cost Savings-Personnel Related." Please include with this response updates to any other previously submitted attachments or schedules that should also reflect the revised cost savings of \$134,306.
2. In response to Question No. 1 contained in Staff's Second Data Request, the Company stated that it could not provide savings by expense account associated with the acquisition of IGC by FPUC because it does not have access to the referenced expense data for IGC prior to its acquisition by FPUC. However, FPUC has a \$50,000 a year O&M Agreement and a \$100,000 a year Consulting Agreement, both with the former owner of IGC. In addition, FPUC has requested a \$450,000 payment to these same former owners be included in the determination of the amount of the positive acquisition adjustment. Recognizing the continuing relationship between FPUC and the former owners of IGC, please explain why the \$187,792 in annual savings referenced in witness Martin's testimony cannot be reported at the expense account level.

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3. According to the Closing Statement for the acquisition of IGC by FPUC, \$450,000 was paid in connection with certain "non-competition agreements." This amount is included in the \$745,800 that the Company has requested be recognized as a positive acquisition adjustment. Attached as Exhibit MK-1, page 2 of 2, to witness Kim's testimony, it states in Note 4 that "the non-compete agreement had no previous book value and determined not to have any material fair value" due to the listed reasons. Please reconcile why the non-compete agreements, which have no book or fair market value according to witness testimony, are assigned a value of \$450,000 in the closing statement. For purposes of this response, please explain with specificity why the \$450,000 associated with the non-compete agreements should be recognized in the requested amount of the positive acquisition adjustment.

Please file the original and five copies of the requested information by Monday, October 14, 2013, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6220 if you have any questions.

Sincerely,



Caroline Klancke  
Senior Attorney

CMK/ace

cc: Office of Commission Clerk  
Gunster Law Firm