

ORIGINAL

CLASS A  
WATER AND/OR WASTEWATER UTILITIES

FLORIDA PUBLIC  
UTILITIES COMPANY

FERNANDINA BEACH  
WATER DIVISION

Limited Proceeding  
As of March 31, 2001

DOCUMENT NUMBER-DATE  
██████████ DEC 19 8  
FPSC-RECORDS/REPORTING

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FERNANDINA BEACH WATER DIVISION**  
Limited Proceeding

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Plant Increases

Florida Public Service Commission  
 Exhibit A  
 Page 1 of 1  
 Preparer: Cheryl Martin

Company: Florida Public Utilities Company  
 Fernandina Beach Water Division  
 Limited Proceeding  
 Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: Describe increase to items of Plant that are included in the limited proceeding.

**See Exhibit D for a detailed description of the issues and items listed below.**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Line No.	Item	IR	Initial Projected Cost per Rate Case	Projected Final Cost	Increase	Explanation of Increase	Amount	Detailed Information
1	#3WW Plant	20272	1,130,000	1,360,000	230,000	Engineering and Permits	25,000	Exhibit K
2						Wells, Motors and Pumps	91,000	Exhibit K
3						Piping, Building, Shelter, Road and Parking	81,000	Exhibit K
4								
5						Telemetry, Meters, Generator and Switching	33,000	Exhibit K
6						Requested Amount	<u>230,000</u>	
7								
8								
9								
10								
11	Airport Road Main - Airport & #3WW - Net of Contributions	20421	25,000	88,121	63,121	Project Expansion	63,121	Exhibit L
12								
13								
14	14th Street Main	TBA	-	200,000	200,000	Connect #3WW to the distribution system.	200,000	Exhibit M
15								
16								
17	Water Supervisor Vehicle	TBA	-	22,000	22,000	Water Supervisor pickup truck.	22,000	Exhibit D
18								
19								
20	Storage Facility	20260	70,000	85,203	15,203	Project Expansion	15,203	Exhibit N
21								
22								
23						<b>Total Requested</b>	<b><u>\$ 530,324</u></b>	

Requested Revenue Increases

Florida Public Service Commission

Exhibit B

Company: Florida Public Utilities Company  
 Fernandina Beach Water Division

Page 1 of 1

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: List additional expenses which are to be included in the limited proceeding.

Line No.	(1) Item	(2)	(3) Annual Amount	(4) Reference
1	Water Supervisor - The completion of #3WW will necessitate that a Water Supervisor be hired.[\$20/hr plus OH]		\$ 48,000	Exhibit D
2				
3	#3WW Land Lease @ \$1,231.98/mo.		14,784	Exhibit E
4				
5	Utilities @ \$200/mo. (Estimated by Division Manager)		2,400	
6				
7	Personal Property Taxes: (Not accounted for in rate case)		54,748	Exhibit F
8				
9	Real Property Tax:		1,693	Exhibit F
10				
11	Depreciation on Limited Proceeding Plant Increase		17,946	Exhibit G
12				
13	Amortization of Limited Proceeding Expenses		4,961	Exhibit H
14				
15	Transportation Exp. for New Supervisor Truck (net of depr.)		5,866	Exhibit I
16				
17	Total of above items		<u>150,398</u>	
18				
19	Reduction for Income Tax @ 37.63%		<u>(56,595)</u>	
20				
21	<b>Net Additional Expenses</b>		<u>93,803</u>	
22				
23	Increase in Rate Base:			
24	Increase in Plant	530,324		Exhibit A
25	4-Year Unamortized Portion of Limited Proceeding Expenses	<u>9,923</u>		Exhibit H
26	Total Increase in Rate Base	<u><u>540,247</u></u>		
27				
28	Rate of Return (As authorized			
29	in Order No. PSC-00-0248-PAA-WU)	<u>9.10%</u>		
30				
31	<b>Increase in Return on Investment</b>		49,162	
32				
33	<b>Net Operating Income Deficiency</b>		<u><u>\$ 142,965</u></u>	
34				
35	Revenue Expansion Factor		1.6826377	Exhibit J
36				
37	<b>Requested Revenue Increase</b>		<u><u>\$ 240,558</u></u>	

Proposed Rates

Florida Public Service Commission

Company: Florida Public Utilities Company  
Fernandina Beach Water Division

Exhibit C

Page 1 of 1

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: Provide the calculation used for determining proposed revenue

Line No.	Description	Number of Bills	Consumption in CCF	Current	BRC Rate	Current CCF Rate	Annualized Revenues	Requested Rate	BRC	Requested CCF Rate	Requested Revenues
1	<b>Residential</b>										
2	5/8"	72,530			8.57		621,582.10	9.34			677,649.48
3	(0 to <10 CCF's)	35,283	142,836			0.87	124,267.32		0.95		135,694.20
4	(10 to <25 CCF's)	20,745	305,549			1.09	287,409.41		1.19		313,815.31
5	(>=25 CCF's)	16,502	702,836			1.31	793,649.76		1.43		866,384.22
6	TOTAL	72,530	1,151,221				1,826,908.59				1,993,543.21
7	1"	761			21.43		16,308.23	23.36			17,776.96
8	(0 to <10 CCF's)	178	617			0.87	536.79		0.95		586.15
9	(10 to <25 CCF's)	202	3,014			1.09	2,840.86		1.19		3,101.86
10	(>=25 CCF's)	381	26,945			1.31	32,364.25		1.43		35,330.95
11	TOTAL	761	30,576				52,050.13				56,795.92
12	2"	37			68.56		2,536.72	74.74			2,765.38
13	(0 to <10 CCF's)	4	7			0.87	6.09		0.95		6.65
14	(10 to <25 CCF's)	0	21			1.09	22.89		1.19		24.99
15	(>=25 CCF's)	33	3,024			1.31	3,707.34		1.43		4,047.12
16	TOTAL	37	3,052				6,273.04				6,844.14
17	3"	50			128.55		6,427.50	140.15			7,007.50
18	(0 to <10 CCF's)	18	56			0.87	48.72		0.95		53.20
19	(10 to <25 CCF's)	10	202			1.09	198.18		1.19		216.38
20	(>=25 CCF's)	22	6,248			1.31	8,015.48		1.43		8,749.84
21	TOTAL	50	6,506				14,689.88				16,026.92
22	4"	0			214.25		-	233.58			-
23	(0 to <10 CCF's)	0	0			0.87	-		0.95		-
24	(10 to <25 CCF's)	0	0			1.09	-		1.19		-
25	(>=25 CCF's)	0	0			1.31	-		1.43		-
26	TOTAL	0	0				-				-
27	Total Residential	73,378	1,191,355				1,899,921.64				2,073,210.19
29	<b>General Service (Commercial, Industrial, Multiple Family Dwellings &amp; Public Authority)</b>										
30	5/8"	4,887	84,918		8.57	1.04	130,196.31	9.34	1.13		141,601.92
31	1"	1,250	75,986		21.43	1.04	105,812.94	23.36	1.13		115,064.18
32	2"	1,024	162,312		68.56	1.04	239,009.92	74.74	1.13		259,946.32
33	3"	153	33,211		149.98	1.04	57,486.38	163.51	1.13		62,545.46
34	4"	122	140,609		257.10	1.04	177,599.56	280.29	1.13		193,083.55
35	6"	0	0		535.63	1.04	-	583.94	1.13		-
36	8"	0	0		771.30	1.04	-	840.87	1.13		-
37	10"	0	0		1,242.65	1.04	-	1,354.74	1.13		-
38	Total General Service	7,436	497,036				710,105.11				772,241.43
40	<b>Fire Hydrant Service</b>										
41	4"	0			81.39		-	88.73			-
42	5"	246			124.02		30,508.92	135.21			33,261.66
43	6"	0			167.97		-	183.12			-
44	Total Hydrant Service	246					30,508.92				33,261.66
46	<b>Automatic Sprinkler System Service</b>										
47	2"	109			5.71		622.39	6.23			679.07
48	4"	84			21.43		1,800.12	23.36			1,962.24
49	6"	297			44.64		13,258.08	48.67			14,454.99
50	8"	147			64.28		9,449.16	70.08			10,301.76
51	10"	12			103.55		1,242.60	112.89			1,354.68
52	Total Automatic Sprinkler	649					26,372.35				28,752.74
54	<b>ANNUAL TOTAL</b>	<b>81,709</b>	<b>1,688,391</b>				<b>2,666,908.02</b>				<b>2,907,466.02</b>
56	<b>Requested Revenue Increase</b>						<b>240,558.00</b>				<b>240,558.00</b>
58	<b>Requested Revenue Increase Percentage</b>						<b>9.020109%</b>				

Company: Florida Public Utilities Company  
Fernandina Beach Water Division  
Limited Proceeding

Page 1 of 2  
Preparer: Cheryl Martin, Patrick Foster

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

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A study of our complete water system was performed by Dr. Bridges of Smith and Gillispe Engineers, Inc., Jacksonville, Florida, in 1993. This study included a comprehensive analysis of our current system at the time, and recommendations for system improvements that would be required to meet the demands placed upon the system due to growth as well as any future regulatory requirements known at the time.

The list of major improvements as a result of the study were as follows:

- 1) Install a 500,000 Gallon water tower at #2 waterworks.
- 2) Replace the 75,000 Gallon water tower at #1 Waterworks with a 500,000 Gallon water tower.
- 3) Install a telemetry system to monitor and control the system.
- 4) Install baffle walls in the existing ground storage tanks (4 tanks).
- 5) Construct a new high service pumping building at #2 waterworks.
- 6) Replace the high service pumps and piping at #1 waterworks.
- 7) Install a "compound loop" chlorine injection control system.
- 8) Complete various main loops to increase flow and pressure to the system.

All of the above improvements with the exception of the 500,000 gallon water tower at #2 waterworks (which was met with public and political opposition) and a few main loops were completed by 1999. Due to population growth well in excess of projections in the study, it became apparent that additional well and high service pumping capacity and elevated storage would be necessary. The first choice was to construct a new 500,000 gallon water tower at the airport which would later be developed as #3 waterworks and include additional wells and ground storage. An additional well would be constructed at #2 waterworks in the meantime to provide additional supply.

Dr. Bridges concurred with the system improvement plan and was commissioned to provide engineering services for them. During the permitting for the additional well at #2 waterworks, J. C. Varnes of the Saint Johns River Water Management District (SJRWMD) pointed out that a permit for a new well at the site would not be issued due to the proximity of housing with septic systems being too close to the proposed well site. The proposed well project was abandoned as well as main improvements along Sadler Road. Some relocation work associated with the existing 10" main on Sadler Road will still be required due to a road widening project, but the planned increase in the size of the main has been abandoned.

It was decided that the best course of action would be to explore adding an additional well at the #1 waterworks site. A study of that property determined that no suitable site existed for an additional well. This was due to the surrounding contaminated sites which included a Nassau County Bus Maintenance and Storage Yard to the east, an old City Dump to the north, as well as a service station to the west. Due to the fact that leaky tanks had existed at two of the surrounding sites, J.C. Varnes recommended that we not attempt to drill new wells on the #1 waterworks property.

The focus soon shifted to the proposed #3 waterworks site at the airport. The site was found to be ideal due to several factors. These included its location which was away from the cone of depression caused by the two paper mills on the island, being located near future growth, and its compatibility with existing and future uses for the surrounding land. Several studies were performed by Dr. Bridges and he was commissioned to design the plant for immediate construction.

Due to the fact that an extensive FAA permitting process would be required for the 500,000 gallon elevated water tower, beginning of construction was deferred until the fall of 2002. The revised plan for a #3 waterworks included drilling two deep wells, a 500,000 gallon ground storage tank with aerator, and a high service pumping station. Some preliminary budget bids and estimates were gathered while Dr. Bridges worked on the plans. These included estimates from the general contractor (Watkins Construction) who was the successful low bidder on the projects at #1 and #2 Waterworks, a local well drilling contractor (Freeman Well Drillers), and various pieces of information learned while building the other two projects (pipe and fitting costs, pump costs, etc.). IR# 20272 was opened for the project with a projected cost of \$1,130,000 based on the assumptions and our best estimates. This was the situation as it existed for determining final recovery in our Water Rate Case proceeding, Docket No. 990535-WU, Order No. PSC-00-0248-PAA-WU.

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Company: Florida Public Utilities Company  
Fernandina Beach Water Division

Preparer: Cheryl Martin, Patrick Foster

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

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Subsequent to the issuance of the final order, several changes were recommended by Dr. Bridges during the design stage of #3 waterworks, which increased the projected cost. Some of the major recommended changes included:

1) Since the 500,000 gallon water tower will not be completed until the spring of 2003, a 2500gpm fire pump was added to the high service pumps. This would have been added at some future date anyway but is necessary now to assure proper flow in the event of a fire before the tower is completed.

2) The original estimate called for the high service pumps to be outside with a small switchgear room housing the electrical equipment. After Dr. Bridges assessed the equipment needs of the total facility, he determined that it made sense to construct the high service pump building in this phase. After reviewing his recommendations and considering the options, it was determined that this was the best course of action.

3) Several regulatory driven reports and permit fees were also discovered during the design.

The plans were finalized, permits obtained, and construction began on the plant in early 2000. The construction has progressed according to plan and will be completed by March 2001. All of the major components have been ordered and are on site, the wells have been drilled and are complete, the 500,000 gallon ground reservoir is complete, the high service pump building and pumps are 75% complete, the generator is on site and installed, and the yard piping is 75% complete. A new projected cost of \$1,360,000 has been estimated based on the changes made to the plans by Dr. Bridges and the actual costs experienced during the construction of the plant.

The City of Fernandina Beach had already proposed a project that would construct a new 8" main from the airport entrance road at Amelia Island Parkway to a point past the entrance to the new proposed plant site. This project was proposed by the City to provide fire protection for the airport FBO and aircraft hangers and was to be funded mostly by the Florida DOT. We proposed that the main size be increased to 16" for the portion leading up to the plant entrance with FPUC paying the incremental cost for the increased main size that would be required to connect the plant to the system. The City agreed and the portion allotted to FPUC was \$88,121 which is more than the \$25,000 estimate included in the rate case. This is due to the main being increased from 12" to 16" as recommended by Dr. Bridges during his design of the plant. This is our IR# 20421 which has been completed.

Dr. Bridges recommended that an additional 12" main should be constructed from the #3 waterworks plant northward along 14th Street and connect to the existing main at Robinhood Road. This main was needed since the #3 waterworks plant would now be required to supply a large portion of the water for the entire water system and not merely a storage tower facility as originally envisioned. The installation of this main will increase the pressure and flow to the overall system. The project is scheduled to be completed by March of 2001 at a cost of \$200,000.

After studying the time requirements necessary for supervising the existing system maintenance and operations as well as the time required to supervise the additional duties brought on by system growth and the addition of #3 waterworks, it was determined that a new Water Operations Supervisor position would need to be added to the existing organization. This position would be added as soon as #3 waterworks was completed and would include the purchase of a new truck. The supervisor position is projected to cost \$48,000 annually (including overheads) and the truck will be purchased in January at a cost of \$22,000.

All of the above improvements and proposed additions have been made with the guidance and support of the Department of Environmental Protection (DEP), the Saint Johns River Water Management District (SJRWMD), and Dr. Bridges of Smith & Gillispe. Several meetings were held over the past few years with each of these parties to obtain input and direction in order to maximize the desired results at the lowest possible cost. Many of the improvements were made at a cost well below the cost of similar improvements made on the systems of surrounding utilities.

These projects will resolve concerns of customers and various regulators discussed during our recent rate case proceeding. The projects will allow FPUC to efficiently provide our customers with quality and reliable water service.

Land Lease Information

Florida Public Service Commission

Exhibit E

Company: Florida Public Utilities Company  
Fernandina Beach Water Division

Page 1 of 1

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

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Grantor City of Fernandina Beach Florida per Ordinance Number 99-51

Term: 5 years

Extensions: Increased by CPI-U at beginning of 6th year and thereafter

Rate: Payable at \$ 1,231.98 per month (Includes 7% Sales Tax)



Personal Property and Real Estate Tax

Florida Public Service Commission

Exhibit F

Company: Florida Public Utilities Company  
 Fernandina Beach Water Division

Page 1 of 1

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: Provide the basis for Personal Property and Real Estate Tax Rates

L1118 No.	(1) Item	(2)	(3) Amount
1	<b>Personal Property Tax</b>		
2	<u>Personal Property Tax Rate: - Water Division Only</u>		
3			
4	Year 2000 Personal Property Taxes	174,714	
5			
6	Plant Assessed Value at January 1, 2000	9,198,792	
7			
8	Average 2000 Tax Rate [2 / 4]	<u>0.018993</u>	
9			
10	<b>Personal Property Taxes: (Not accounted for in rate case)</b>		
11	#1WW	1,359,000	
12	#3WW	1,360,000	
13	14th Street Main	<u>200,000</u>	
14		<u>2,919,000</u>	
15	Assessed @ 98.75% - First Year Assessment Rate	<u>2,882,513</u>	
16			
17	<b>Personal Property Taxes @ 1.8993% Tax Rate</b>		<u>54,748</u>
18			
19			
20			
21			
22			
23	<b>Real Estate Tax</b>		
24	<u>Real Estate Tax Rate: - Combined Electric &amp; Water Divisions</u>		
25			
26	Year 2000 Real Estate Taxes	13,264	
27			
28	Plant Assessed Value at January 1, 2000	667,413	
29			
30	Average 1999 Tax Rate [13 / 15]	<u>0.019874</u>	
31			
32	<b>Real Property Tax:</b>		
33	Stores Facility	<u>85,203</u>	
34			
35	<b>Real Estate Taxes @ 1.9874% Tax Rate</b>		<u>1,693</u>

Depreciation Expense Increases

Florida Public Service Commission

Exhibit G

Company: Florida Public Utilities Company  
Fernandina Beach Water Division

Page 1 of 1

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: Determine Depreciation Expense associated with Increases in Plant.

Line No.	Item Increases	(1) Total Requested Increase	(3) Account	(4) Estimated Total Cost of Completed Project	(5) Account As a % of Total Cost [5 / 5 Total]	(6) Allocated Requested	(7) Depreciation Rate	Annual Depreciation
1								
2	#3WW Plant	<u>230,000</u>						
3								
4	Allocation:		3042	205,000	15.074%	34,670	3.03%	1,050.50
5			3043	318,000	23.382%	53,779	3.03%	1,629.50
6			3102	80,000	5.882%	13,529	5.00%	676.45
7			3112	102,000	7.500%	17,250	5.00%	862.50
8			3203	105,000	7.721%	17,758	4.55%	807.99
9			3304	350,000	25.735%	59,190	2.70%	1,598.13
10			3344	20,000	1.471%	3,383	5.00%	169.15
11			3072	180,000	13.235%	30,441	3.33%	1,013.69
12				<u>1,360,000</u>	<u>100.000%</u>	<u>230,000</u>		<u>7,808</u>
13								
14	Airport Road Water Main - Airport & #3WW - Net of Contributions	<u>63,121</u>						
15			3314	86,066	97.668%	61,649	2.33%	1,436.42
16			3354	2,055	2.332%	1,472	2.22%	32.68
17				<u>88,121</u>	<u>100.000%</u>	<u>63,121</u>		<u>1,469.10</u>
18								
19	14th Street Main	200,000						
20			3314			164,800	2.33%	3,839.84
21			3354			35,200	2.22%	781.44
22						<u>200,000</u>		<u>4,621.28</u>
23								
24	Water Supervisor Vehicle	22,000	3415			22,000	16.67%	3,667.40
25								
26	Storage Facility	15,203	3045			15,203	2.50%	380.08
27								
28								
29								
30	<b>SUMMARY</b>	<u>530,324</u>						
31			3042			34,670	3.03%	1,050.50
32			3043			53,779	3.03%	1,629.50
33			3045			15,203	2.50%	380.08
34			3072			30,441	3.33%	1,013.69
35			3112			17,250	5.00%	862.50
36			3102			13,529	5.00%	676.45
37			3203			17,758	4.55%	807.99
38			3304			59,190	2.70%	1,598.13
39			3314			226,449	2.33%	5,276.26
40			3344			3,383	5.00%	169.15
41			3354			36,672	2.22%	814.12
42			3415			22,000	16.67%	3,667.40
43						<u>530,324</u>		<u>17,946</u>

Analysis of Limited Proceeding Expense

Florida Public Service Commission

Exhibit H

Company: Florida Public Utilities Company  
 Fernandina Beach Water Division

Page 1 of 1

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: Provide the total amount of limited proceeding expense requested in the application.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Line No.	Firm or Vendor Name	Counsel, Consultant or Witness	Hourly Rate of Professional Fee	Projection	Travel Expenses	Total Fees and Expenses	Type of Service	Specific Service Rendered
1	Messer, Caparella & Self, PA	Norman Horton, Jr., Esq.	\$ 120-200	note (A)		10,000	Legal	Petition, Correspondence, Agenda Conference
2								
3	FPUC employees	Foster, Martin		note (B)	1,500	1,500	Travel	Agenda conferences
4								
5	FPUC employees	Various	\$21	note (C)		2,100	Overtime	Filing preparation, audit assistance
6								
7	Printing filing, and other filing requirements			note (D)		200	Office expense	Office supplies and mailing cost
8								
9	FPSC			note (E)		2,250	Filing fee	Filing fee
10								
11	Customer Notices- Printing, Postage & Mailing			note (F)		3,795	Notice	Customer Notification
12								
13		Total Estimate Through				<u>19,845</u>		
14				<input checked="" type="checkbox"/> PAA				
15				<input type="checkbox"/> Commission Hearing				
16								
17		Amortization Period 4 Years				<u>4,961</u>		
18								
19	Explanation if different from Section 367.0822, Florida Statutes:							
20								
21	Amortization of Limited Proceeding Expense:							
22								
23		Prior Unamortized Limited Proceeding Expense				-0-		
24		Current Limited Proceeding Expense				<u>19,845</u>		
25		Total Projected Limited Proceeding Expense				<u>19,845</u>		
26		Annual Amortization				<u>4,961</u>		
27								
28	Method of Allocation Between Systems:							
29		(Provide Calculation)				N/A		
30								
31								
32	<u>4 -Year Average Unamortized Cost of Limited Proceeding</u>							
33								
34		Total Projected Costs - from above			<u>19,845</u>			
35		@ 50%				<u>9,923</u>		
36								
37								
38								
39								
40								
41								
42								
43	Note (A)	Based on estimate by the law firm and with the assumption of a PAA.						
44	Note (B)	Based on travel to agenda conference for Foster and Martin \$1,500.						
45	Note (C)	Based on an estimated total overtime hours of 100 hours at an average rate of \$21.00.						
46	Note (D)	Based on an est. cost for office supplies and mailing of filing.						
47	Note (E)	Based on fee set by the Florida Public Service Commission.						
48	Note (F)	Based on 6900 customers @ .55 each to cover cost of postage, supplies, and mailing.						

Transportation Expense Increases

Florida Public Service Commission

Exhibit I

Company: Florida Public Utilities Company  
 Fernandina Beach Water Division

Page 1 of 1

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: Describe increase to items of Plant that are included in the limited proceeding.

**See Exhibit C for a detailed description of the issues and items listed below.**

Line No.	(1) Item	(2) Annual Amount	(3) Monthly Amount
1			
2			
3	Transportation Expenses - 1/00 through 9/00	63,451	
4	Monthly Average		7,050
5			
6	Less:		
7	Depreciation of Transportation Equipment - 1/00 through 9/00	15,060	
8	Monthly Average		(1,673)
9			
10	Average Monthly Transportation Expense (Net of Depr.)		5,377
11			
12	Equivalent Vehicles	11	
13			
14	Monthly Per Vehicle Trans Exp. [10 / 12]		488.82
15			
16	Estimate Annual Transportation Expense [14 * 12 mos.]		5,866

Computation of Revenue Expansion Factor and  
Net Operating Income Multiplier

Florida Public Service Commission  
Exhibit J  
Page 1 of 1  
Preparer: Cheryl Martin

Company: Florida Public Utilities Company  
Fernandina Beach Water Division  
Limited Proceeding  
Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Explanation: Provide the computation for determining the Revenue Expansion Factor  
and the Net Operating Income Multiplier.

Line No.	Description	(1)	(2)	(3)
1	Revenue Requirement			100.0000%
2				
3	Regulatory Assessment Fee		4.5000%	
4	Bad Debt Rate		0.2130%	
5	Total Taxes Other Than Income Taxes: [3 + 4]		<u>4.7130%</u>	
6				
7	Net Before Income Taxes: [1 - 5]			95.2870%
8				
9	State Income Tax Rate			5.5000%
10				
11	State Income Tax: [9 * 7]			<u>5.2408%</u>
12				
13	Net Before Federal Income Tax: [7 - 11]			90.0462%
14				
15	Federal Income Tax Rate			34.0000%
16				
17	Federal Income Tax: [15 * 13]			<u>30.6157%</u>
18				
19	Revenue Expansion Factor: [13 - 17]			<u>59.4305%</u>
20				
21	Net Operating Income Multiplier: [100% / 19]			<u><u>1.6826377</u></u>

Company: Florida Public Utilities Company  
 Fernandina Beach Water Division  
 Limited Proceeding  
 Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

**Current IR #20272 - #3 Waterworks**

**IMPROVEMENT AND RETIREMENT REQUISITION**

IMPROVEMENT # 137.1070.20272

AEP # \_\_\_\_\_

CHECK ALL THAT APPLY

FPU

Fernandina Beach  
 DIVISION

REVENUE PRODUCING

SPECIFIC

NONSPECIFIC

FLO-GAS

12/15/00  
 DATE

ECONOMICALLY JUSTIFIED

REVISED

AEP (worksheet)

<b>BUDGET INFO:</b>	MONTHS _____	PAGE # _____	ITEM # _____	AMOUNT _____
TITLE OF WORK	<u>CONSTRUCT NUMBER 3 WATER PLANT</u>		LOCATION <u>FERNANDINA BEACH DIVISION</u>	
DESCRIPTION OF WORK:	TYPE IN BOX BELOW			
<u>ENGINEERING, CLEARING, FENCING, PERMITTING, DEEP WELLS, PAVING, CHLORINE SYSTEM, GROUND STORAGE AND A CONTROL BUILDING</u>				
START DATE	<u>3/27/00</u>	DATE WORK TO BE COMPLETED	<u>12/30/00</u>	

**IMPROVEMENT REQUISITION SECTION**

IMPROVEMENT COST		IMPROVEMENT FINANCIAL PLAN	
	AMOUNT		AMOUNT
MATERIALS - NON STOCK	\$238,000.00	TOTAL COST	\$1,360,000.00
MATERIALS DONATED (WATER DIVISIONS)	\$468,726.00	LESS: DEPOSITS ON EXTENSIONS (REFUNDABLE)	
STORES EXPENSE		LESS: MATERIALS FROM NON-TRACKED PLANT	\$0.00
<b>TOTAL MATERIAL COST</b>	<b>\$706,726.00</b>	LESS: ACCT 2710 CONTRIBUTIONS	
LABOR - COMPANY	\$12,000.00	LESS: ACCT 2710 CONTRIBUTIONS - SERVICES	
LABOR - DONATED	\$559,274.00	TOTAL DEDUCTIONS	\$0.00
LABOR - OTHER	\$28,000.00	NET CASH REQUIREMENTS	\$1,360,000.00
TRANSPORTATION EXPENSE	\$4,000.00	ANNUAL NON-FUEL PROJECTED REVENUES (2)	
OTHER - INCLUDES INTEREST AND CAPITALIZED OVERHEADS	\$50,000.00	EXPENDITURES BY QUARTER OF	
<b>TOTAL I.R. COST / TOTAL AMOUNT AUTHORIZED</b>	<b>\$1,360,000.00</b>		
LESS NON-REFUNDABLE CONTRIBUTIONS - ENTER AS NEGATIVE (1)		<b>TOTAL AMOUNT AUTHORIZED:</b>	<b>AMOUNT</b>
<b>MAXIMUM REFUNDABLE AMOUNT</b>		JAN - MAR	YEAR: 2000
		APR - JUN	YEAR: 2000
PLUS:		JUL - SEP	YEAR: 2000
METERS/REGULATORS FROM NON-TRACKED PLANT		OCT - DEC	YEAR: 2000
SERVICES & METER INSTALLATIONS FROM NON-TRACKED PLANT		<b>TOTAL THIS YEAR</b>	<b>\$1,360,000.00</b>
TRANSFORMERS FROM NON-TRACKED PLANT		<b>TOTAL NEXT YEAR</b>	
<b>TOTAL COST</b>	<b>\$1,360,000.00</b>	<b>TOTAL AMOUNT AUTHORIZED</b>	<b>\$1,360,000.00</b>

**DISTRIBUTION (DETAIL MAJOR ITEMS OF MATERIAL & LABOR) (ATTACH RIDER IF NECESSARY)**

ASSET DESCRIPTION	ACCOUNTING LOCATION	PHYSICAL LOCATION	RATE	QUANTITY	TOTAL AUTHORIZED
DEEP WELL PIPING	137.3314		45,000.00	LOT	\$45,000.00
YARD PIPING AND FITTINGS	137.3314		160,000.00	LOT	\$160,000.00
ENGINEERING AND PERMITS	137.3043		51,000.00	LOT	\$51,000.00
FENCING AND CLEARING	137.3043		20,000.00	LOT	\$20,000.00
CONSTRUCT ROAD AND PARKING AREA	137.3043		42,000.00	LOT	\$42,000.00
CONSTRUCT BUILDING AND CHLORINE SHELTER	137.3043		205,000.00	LOT	\$205,000.00
TELEMETRY - DATA FLOW	137.3203		30,000.00	LOT	\$30,000.00
CHLORINE EQUIPMENT AND METERS	137.3203		20,000.00	LOT	\$20,000.00
ELECTRIC SWITCHGEAR	137.3203		55,000.00	LOT	\$55,000.00
GENERATOR	137.3102		80,000.00	LOT	\$80,000.00
WELLS, DEEP	137.3072		180,000.00	LOT	\$180,000.00
GROUND STORAGE ( 500,000 GALLON )	137.3304		350,000.00	LOT	\$350,000.00
FLOW METERS	137.3344		20,000.00	LOT	\$20,000.00
HIGH SERVICE PUMPS AND MOTORS	137.3112		62,000.00	LOT	\$62,000.00
DEEP WELL PUMPS AND MOTORS	137.3112		40,000.00	LOT	\$40,000.00
<b>TOTAL AMOUNT AUTHORIZED</b>					<b>\$1,360,000.00</b>

Company: Florida Public Utilities Company  
 Fernandina Beach Water Division

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

**Current IR #20272 - #3 Waterworks**

IMPROVEMENT REQUISITION SECTION - CONTINUED					
REMARKS (THIS SPACE FOR EXPLANATION COVERING PLAN OF FINANCING IMPROVEMENT, CONTRIBUTIONS AND REFUND PLANS)					
ALLOWANCES: <span style="float: right;">TYPE IN BOX BELOW</span>					
OVERRUN \$ _____			OR UNDERRUN \$ _____		
IF OMITTED FROM ANNUAL BUDGET GIVE REASONS: <span style="float: right;">TYPE IN BOX BELOW</span>					
NECESSITY AND BENEFITS OF WORK TO BE PERFORMED: <span style="float: right;">TYPE IN BOX BELOW</span>					
NEW WATER PLANT AND DEEP WELLS WILL PROVIDE THE FOLLOWING IMPROVEMENTS. 1) INCREASE THE WATER SUPPLY TO MEET THE NEEDS OF OUR CUSTOMERS IN THE COMING YEARS. 2) STABILIZE OUR WATER DISTRIBUTION SYSTEM PRESSURE. 3) PROVIDE RELIABLE WATER SERVICE AND FIRE PROTECTION.					
IF THIS REQUISITION REPLACES PROPERTY CARRIED IN PLANT, PLEASE COMPLETE THE RETIREMENT REQUISITION SECTION.					
RETIREMENT REQUISITION SECTION					
BOOK VALUE OF PROPERTY RETIRED (PLACE X HERE IF ESTIMATE)	AMOUNT	DATE OF RETIREMENT			
COST OF REMOVAL		DESCRIPTION OF RETIREMENT: <span style="float: right;">TYPE IN BOX BELOW</span>			
LESS: SALVAGE - JUNK VALUE					
- STOCK VALUE					
- USED IN NEW WORK					
- TRADE IN ALLOWANCE					
CASH REQUIREMENTS (COST OF REMOVAL LESS SALVAGE)	\$0.00	ORIGINAL DATE INSTALLED			
NET CHARGE TO: RETIREMENT RESERVE (BOOK VALUE OF PROPERTY, PLUS COST OF REMOVAL, LESS SALVAGE)	\$0.00	IMPROVEMENT #			
IF THIS PROPERTY IS TO BE REPLACED, PLEASE COMPLETE THE IMPROVEMENT REQUISITION SECTION.					
DISTRIBUTION (DETAIL MAJOR ITEMS OF MATERIAL & LABOR) (ATTACH RIDER IF NECESSARY)					
ASSET DESCRIPTION	ACCOUNTING LOCATION	PHYSICAL LOCATION	RATE	QUANTITY	TOTAL COST
<b>TOTAL COST</b>					<b>\$0.00</b>
OFFICE APPROVALS					
	DATE				DATE
ESTIMATED BY <span style="float: right;">C. Anderson</span>	4-Dec-00	VICE PRESIDENT			
RECOMMENDED BY		TREASURER			
RECOMMENDED BY		PRESIDENT			

#3 Water Works - Details

Florida Public Service Commission

Exhibit K

Company: Florida Public Utilities Company  
Fernandina Beach Water Division

Page 3 of 3

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

**#3 Waterworks - Increases in Projected Costs**

Line No.	DESCRIPTION	PER RATE CASE	CURRENT ESTIMATE	INCREASE
1	ENGINEERING, SOIL REPORTS AND PERMITS	26,000	51,000	25,000
2				
3	FENCE AND CLEARING	21,000	21,000	-
4				
5	TWO (2) DEEP WELLS AND 100HP MOTORS			
6	600GPM HSP	191,000	282,000	91,000
7	TWO (2) 1500GPM HSP (ON HAND, CONVERT 1 FROM LH)			
8				
9	500,000 GROUND STORAGE TANK AND PIPING	366,000	366,000	-
10				
11	BUILDING INCLUDING ATTACHED CL2 SHELTER			
12	DEEP WELL PIPING			
13	PIPE AND FITTINGS	354,000	435,000	81,000
14	ROAD (12' X 550') AND PARKING (50' X 40')			
15				
16	TELEMETRY - DATA FLOW			
17	FLOW METERS			
18	CL2 METERS AND EQUIPMENT	172,000	205,000	33,000
19	ELECTRIC SWITCHGEAR INCLUDING TRANSFER SWITCH			
20	500 KW GENERATOR			
21				
22		1,130,000	1,360,000	230,000



Company: Florida Public Utilities Company  
Fernandina Beach Water Division  
Limited Proceeding  
Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

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This project is complete and closed to plant.

IR# 20421

Mains, Valves, Hydrants and Services providing water facilities to  
the Fernandina Beach Airport and #3 Water Plant.

TOTAL COST OF CONSTRUCTION	235,551
CONTRIBUTION BILLED THE CITY OF FERNANDINA BEACH	<u>147,430</u>
NET ADDITION TO PLANT	<u><u>88,121</u></u>



Company: Florida Public Utilities Company  
 Fernandina Beach Water Division  
 Limited Proceeding

Preparer: Cheryl Martin

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

**Current IR# TBA - 14th Street Main**

<b>IMPROVEMENT REQUISITION SECTION - CONTINUED</b>	
REMARKS (THIS SPACE FOR EXPLANATION COVERING PLAN OF FINANCING IMPROVEMENT, CONTRIBUTIONS AND REFUND PLANS)	
ALLOWANCES:	TYPE IN BOX BELOW
OVERRUN \$ _____	OR UNDERRUN \$ _____
IF OMITTED FROM ANNUAL BUDGET GIVE REASONS:	TYPE IN BOX BELOW
NECESSITY AND BENEFITS OF WORK TO BE PERFORMED:	TYPE IN BOX BELOW
1) INCREASE THE WATER SUPPLY TO MEET THE NEEDS OF OUR CUSTOMERS IN THE COMING YEARS. 2) STABILIZE OUR WATER DISTRIBUTION SYSTEM PRESSURE. 3) PROVIDE RELIABLE WATER SERVICE AND FIRE PROTECTION. ONE OF THE RECOMMENDATION FOR THE SYSTEM IMPROVEMENTS BY SMITH AND GILLISPE ENGINEERING.	
IF THIS REQUISITION REPLACES PROPERTY CARRIED IN PLANT, PLEASE COMPLETE THE RETIREMENT REQUISITION SECTION.	

<b>RETIREMENT REQUISITION SECTION</b>		
BOOK VALUE OF PROPERTY RETIRED (PLACE X HERE IF ESTIMATE)	AMOUNT	DATE OF RETIREMENT
COST OF REMOVAL		DESCRIPTION OF RETIREMENT: TYPE IN BOX BELOW
LESS: SALVAGE - JUNK VALUE		
- STOCK VALUE		
- USED IN NEW WORK		
- TRADE IN ALLOWANCE		
CASH REQUIREMENTS (COST OF REMOVAL LESS SALVAGE)	\$0.00	ORIGINAL DATE INSTALLED
NET CHARGE TO: RETIREMENT RESERVE (BOOK VALUE OF PROPERTY, PLUS COST OF REMOVAL, LESS SALVAGE)	\$0.00	IMPROVEMENT #
IF THIS PROPERTY IS TO BE REPLACED, PLEASE COMPLETE THE IMPROVEMENT REQUISITION SECTION.		

<b>DISTRIBUTION (DETAIL MAJOR ITEMS OF MATERIAL &amp; LABOR) (ATTACH RIDER IF NECESSARY)</b>					
ASSET DESCRIPTION	ACCOUNTING LOCATION	PHYSICAL LOCATION	RATE	QUANTITY	TOTAL COST
<b>TOTAL COST</b>					<b>\$0.00</b>

<b>OFFICE APPROVALS</b>			
ESTIMATED BY	DATE	VICE PRESIDENT	DATE
C. Anderson	12-Dec-00		
RECOMMENDED BY		TREASURER	
RECOMMENDED BY		PRESIDENT	

Company: Florida Public Utilities Company  
Fernandina Beach Water Division  
Limited Proceeding  
Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

Preparer: Cheryl Martin

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This project is complete and closed to plant.

IR# 20260

Construct Stores Building, Covered Storage Area, Driveways, Walkways  
and Landscaping

THIS PROJECT IS COMPLETED AND CLOSED TO PLANT

TOTAL COST OF CONSTRUCTION

85,203

Company: Florida Public Utilities Company  
Fernandina Beach Water Division

Preparer: Cheryl Martin

Limited Proceeding

Projected Year Ended: March 31, 2001 (Actual through September 30, 2000)

-----12 Months Ending-----

	12/31/00 Actual / Budget Year-End ROR	12/31/01 Budget * Year-End ROR	12/31/01 Budget ** Year-End ROR
Net Operating Income	\$ 694,696	\$ 658,683	\$ 587,200
Rate Base	\$ 8,652,502	\$ 9,045,402	\$ 9,045,402
Rate of Return	8.03%	7.28%	6.49%

ALLOWABLE RATE OF RETURN

LOW	8.69%
MIDPOINT	9.10%
HIGH	9.52%

\* Note: Includes rate increase estimate effective July 1, 2001.

\*\* Note: Excludes rate increase estimate effective July 1, 2001.