

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for review and determination)
on the project construction and gas)
transportation agreement between NUI) DOCKET NO. 160175-GU
Utilities, Inc. d/b/a City Gas Company)
of Florida and Florida Crystals) FILED: September 19, 2016
Corporation, and approval of an)
interim service arrangement.)
_____)

**FLORIDA CRYSTALS CORPORATION’S RESPONSE IN OPPOSITION
TO MOTION FOR APPROVAL OF A TEMPORARY
INTERIM SERVICE ARRANGEMENT**

Florida Crystals Corporation (“Florida Crystals”), pursuant to Rule 28-106.204, Florida Administrative Code (“F.A.C.”) and the Second Agreed Motion for Extensions of Time to Respond to Motions (“Second Agreed Motion for Extensions”) filed herein on September 7, 2016, and subject to its pending unopposed motion to be designated a party or, in the alternative to intervene, in this proceeding filed herein on August 5, 2016, hereby files this response (“Response” or “Response in Opposition”) to the “Motion for Approval of a Temporary Interim Service Arrangement” (“FCG’s Motion”) filed in this docket on August 31, 2016. FCG’s Motion unilaterally seeks to arbitrarily impose inflated rates on Florida Crystals that are greater than those provided for in the “Project Construction and Gas Transportation Agreement By and Between NUI Utilities, Inc. d/b/a City Gas Company of Florida and Florida Crystals Corporation dated April 24, 2001,” which is generally referred to herein as the “Agreement.”

In summary, the Commission should deny FCG's Motion for many of the same reasons that it should deny or dismiss FCG's Petition, summarized here as follows.

SUMMARY

I. FCG's Motion should be denied because it is substantively a request for interim rate relief, but FCG has not even pled the *prima facie* elements required to obtain interim relief.

II. FCG's Motion further should be denied because it has failed to establish that either FCG, or its other ratepayers, will suffer *any* harm at all from providing transportation service to Florida Crystals at the rates specified for the "Extended Term" of the Agreement, which begins on the first day of the sixteenth year of the Agreement. It is clear that there is no harm as alleged by FCG because the cost information contained in FCG's cost study clearly shows that the Extended Term rates, even though lower than the Initial Term rates, will cover FCG's true *incremental* costs of service several times over. Further, comparing the total of Florida Crystals' payments to FCG over the Initial Term shows that Florida Crystals has paid significantly more than the *total* costs incurred to serve the Okeelanta Facility, let alone the incremental costs to serve.

III. Moreover, FCG's threat to begin charging the tariff rates that would be applicable if Florida Crystals were a new customer, coupled with its purported

“offer” to work something out through negotiations, is simply bullying – threatening to put Florida Crystals in an adverse cash flow position, perhaps to be followed by a threat to cut off service if Florida Crystals refuses to pay the excessive tariff rates, which even FCG acknowledges are excessive – and this threat is an abuse of the Commission’s processes.¹ FCG has not shown, nor can it show, the harm that it claims, because even the Extended Term rates are far greater than FCG’s true incremental cost to serve.

IV. FCG’s Motion should also be denied because, like FCG’s Petition, the Motion is predicated on the false assertion that the Agreement is “not a legally effective or enforceable contract under Florida law.” In fact, the Agreement, in addition to having been *performed by both Parties for fifteen years*, meets all the

¹ Florida Crystals and FCG disagree on when the Extended Term begins; FCG asserts that it begins on January 1, 2017, while Florida Crystals believes that it begins earlier. For purposes of this Response in Opposition, the beginning date of the Extended Term is relevant to the damages that will be suffered by Florida Crystals if FCG were allowed to collect rates greater than those that the Parties bargained for in the Agreement; however, it is not relevant to the over-arching facts that FCG has not demonstrated, and cannot demonstrate, that it is entitled to the relief it seeks. Suffice it to say that, if FCG at any time attempts to demand payment at rates greater than those provided for in the Agreement, Florida Crystals is fully prepared to promptly seek relief from this Commission, from the courts of Florida, or both.

requirements for a valid contract under Florida law – offer, acceptance, and consideration.²

V. Finally, the Commission should deny FCG’s Motion, as well as FCG’s Petition, because any other result would be unfair, unjust, and unreasonable.

In further support of its positions set forth in this Response, Florida Crystals states as follows.

PRELIMINARY STATEMENT

As used in this Response, capitalized terms have the same meanings given to them in Florida Crystals’ Motion to Dismiss, with the following additions.

“2003 Rate Case” refers to Commission Docket No. 030569-GU, In re: Application for Rate Increase by City Gas Company of Florida.

“Okeelanta Facility” refers to the Okeelanta sugar mill and an associated cogeneration power plant, owned by wholly owned subsidiaries of Florida Crystals, that provides electricity and thermal energy to its mill and refinery.

² Only a court can interpret the Agreement as between the Parties. See In re: Petition for Determination that Implementation of Contractual Pricing Mechanism for Energy Payments to Qualifying Facilities Complies with Rule 25-17.0832, F.A.C., by Florida Power Corporation, Docket No. 940771-EQ, Order No. PSC-95-0210-FOF-EQ (Feb. 15, 1995) at 8; see also United Telephone Co. v. Pub. Serv. Comm’n, 496 So. 2d 116, 118 (Fla. 1996).

“Order No. 04-0128” refers to Commission Order No. PSC-04-0128-PAA-GU, which became the final order in the 2003 Rate Case; Order No. 04-0128 is also referred to herein as the “2003 Rate Case Order.”

Other capitalized terms have the meanings given herein.

PROCEDURAL BACKGROUND

On July 22, 2016, Florida City Gas (“FCG”) initiated this docket by filing with the Commission a “Petition for Review and Determination and Approval of Interim Service Agreement” (the “Petition”). In the Petition, FCG is seeking (1) a determination from the Commission that the “Project Construction and Gas Transportation Agreement By and Between NUI Utilities, Inc. d/b/a City Gas Company of Florida and Florida Crystals Corporation dated April 24, 2001” is not a legally effective or enforceable special contract under Florida law and (2) the Commission’s approval of an interim service arrangement between FCG and Florida Crystals. Petition at 3, 23. On August 5, 2016, Florida Crystals filed its Unopposed Motion to be Designated a Party, or In the Alternative, Motion to Intervene, which remains pending. On August 29, 2016, Florida Crystals timely filed its “Motion to Dismiss Petition.” On August 31, 2016, FCG filed its Motion that is addressed by this Response in Opposition. On September 1 and September 7, the Parties filed agreed motions for extensions of time to respond to each other’s

motions. Pursuant to the Second Agreed Motion for Extensions, this Response in Opposition is timely filed.

HISTORICAL AND FACTUAL BACKGROUND

Florida Crystals adopts and incorporates by reference the historical and factual background information provided in its Motion to Dismiss, with the following additions.

Sometime before 2001, FCG (then City Gas Company of Florida) developed its plans to construct a new pipeline, then called the Clewiston Pipeline Expansion Project (“Clewiston Project” or “Clewiston Pipeline”), that was originally designed to extend approximately 150 miles from West Palm Beach to Ft. Myers Shores. The Commission originally addressed the Clewiston Project as follows in FCG’s 2000 rate case, In re: Request for Rate Increase by City Gas Company of Florida, Docket No. 000768-GU, PSC Order No. 01-0316-PAA-GU at 3-4.

The Company is proposing to construct a natural gas pipeline in three phases from western West Palm Beach to Ft. Myers Shores, a distance of approximately 150 miles. The Company will construct Phases I and II concurrently from West Palm Beach to South Bay, a distance of approximately 105 miles. Phase III will be constructed from South Bay to Ft. Myers Shores, a distance of approximately 42 miles. The project is referred to as the Clewiston Pipeline Expansion Project.

The pipeline will pass through the communities of Belle Glade, Clewiston, South Bay, and La Belle, and the Company intends to serve hospitals, correctional facilities, and other commercial facilities along the pipeline. However, the main reason the Company is constructing the pipeline is the potential to provide service to several

large citrus and sugar cane processors in the area. These processors presently are not being served by natural gas. The Company is confident, based on its initial surveys, that there is enough interest in taking gas service by them, and several other larger commercial accounts, that the project will be successful. At this time, the Company has no plans to serve any residential customers.

In April 2001, after extensive negotiations, FCG and Florida Crystals entered into the Agreement. Florida Crystals has fully performed its obligations under the Agreement, and the Agreement remains in full force and effect. Pursuant to the terms of the Agreement, Florida Crystals has been required to pay, and has consistently paid, rates specified in the Agreement for the first fifteen years of the Agreement, which period is defined in the Agreement as the “Primary Term,” on a “take or pay” basis, i.e., for a defined minimum amount of gas transportation service to the Okeelanta Facility, regardless of whether Florida Crystals actually used the service or not. The Okeelanta Facility is connected to the Clewiston Pipeline by a lateral approximately seven miles in length.

The purpose of this “take or pay” requirement was, as indicated in the title of the Agreement – specifically, the fact that it is a *Project Construction* and Gas Transportation Agreement (emphasis supplied) – to ensure FCG that it would recover its costs of constructing facilities to serve Florida Crystals. The rates for the Primary Term were and are significantly greater than the rates specified for the last fifteen years of the Agreement’s term, defined as the “Extended Term,” with the reduction a key part of the bargain struck by the Parties in 2001. The higher rates applicable for service in the first 15 years ensured that FCG fully recovered its construction costs. To date, Florida Crystals has paid FCG more than \$8.7

million (see Exhibit A to this Response) for service pursuant to the Agreement, as compared to the “total cost of the facilities allocated and assigned to Florida Crystals of \$3,454,782” as testified to by FCG’s expert witness in its 2003 rate case. Adding 15 years’ worth of what FCG’s expert witness described as “relatively minor” operating and maintenance (“O&M”) costs, \$22,750 per year in the witness’s 2003 cost of service study (15 x \$22,750 = \$341,250), to the total cost of facilities shows that *Florida Crystals has already paid well more than double the total allocated cost* of FCG’s facilities installed to serve Florida Crystals’ Okeelanta Facility plus 15 years’ worth of O&M costs, i.e., \$8,732,763 million vs \$3,796,032.

The cost of service study supported by Mr. Jeff Householder, FCG’s cost of service expert witness in the 2003 Rate Case, and relied upon by the Commission in that case, was filed as MFR Schedules H-1, H-2, and H-3, and was titled “FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY.” (A copy of this publicly filed cost study is included as Exhibit B to this Response. Its relevance will become quite clear in the discussion below.)

Further, in the 2003 Rate Case, FCG fully informed the Commission about the Agreement and the costs that it incurred to serve Florida Crystals pursuant to the Agreement, to the point of averring – in Mr. Householder’s testimony filed with and relied upon by the Commission – that **“The Company’s negotiated rate contract with Florida Crystals establishes a rate that recovers its costs to**

provide service.³ FCG is thus taking a position in the current proceeding that directly contradicts the position that it advanced before this Commission, and prevailed upon, in the 2003 Rate Case. It is therefore, as a matter of law, estopped from asserting in its Petition and the present Motion, that it has not already fully recovered its investment in the pipeline. See Blumberg v. USAA Casualty Insurance Company, 790 So. 2d 1061 (Fla. 2001).

The Commission thus had adequate knowledge of the Agreement, of the costs incurred by FCG to provide service to Florida Crystals under the Agreement, and the rates paid by Florida Crystals thereunder in 2003, when FCG induced the Commission to approve its Rate Schedule KDS (Contract Demand Service) as the successor to Rate Schedule KTS and to set rates on the basis of cost information and additional supporting information provided by its expert witness. In Order No. 04-0128, the Commission discussed Rate Schedule KTS and approved the replacement Rate Schedule KDS, noting that “One customer currently takes service under this rate.” Order No. 04-0128 at 30-31. It is clear from Mr. Householder’s testimony that the “one customer” was and is Florida Crystals. The Commission further discussed its ratemaking treatment for projects served by the Clewiston Pipeline Extension, including the Commission’s determination that certain “unmaterialized projections [of future sales and revenues] represent a

³ Direct Testimony of Jeff Householder, August 2003, contained in Commission Document No. 03-07495, filed on August 15, 2003. A copy of the cover page and the cited pages of Mr. Householder’s testimony was attached as Exhibit B to Florida Crystals’ Motion to Dismiss.

business risk of the Company that is more appropriately borne by its stockholders, rather than by its ratepayers.” Id. at 31.

Going forward, with Florida Crystals having paid well over two times the “total cost of the facilities allocated and assigned to Florida Crystals,” the “take or pay” provision of the Agreement no longer applies, and depending on the actual volume of transportation service used, annual payments to FCG could be up to \$328,000 per year, plus adjustments for increases in the Consumer Price Index, beginning in the sixteenth year of the Agreement’s term (the “Extended Term”).

The Clewiston Pipeline Expansion Project, which was addressed in the Commission’s Order in the 2003 Rate Case and also discussed in Florida Crystals’ Motion to Dismiss, is now referred to by FCG, and known to others in the Florida natural gas industry, as the East/West Pipeline. This is relevant because it is FCG’s historic, embedded costs in the Clewiston Pipeline that FCG is now attempting to recover from Florida Crystals.

Standard of Review

As the movant requesting action by the Commission, FCG bears the burden of establishing that it is entitled to the relief it requests. In re: Application for a Rate Increase by Southern States Utilities, Docket No. 900329-WS, Order No. 92-1192-FOF-WS at 4 (Fla. Pub. Serv. Comm’n, October 20, 1992). In this instance, FCG bears the burden of establishing that it is entitled to the Commission’s approval of its proposed temporary service arrangement, to which Florida Crystals does not agree. This burden might be met by establishing a *prima facie* case that it needs rate relief, although FCG does not even attempt to demonstrate that it would

be under-earning if it doesn't obtain rate increases, rather attempting to assert that it will be harmed because the Extended Term rates do not satisfy the incremental cost standards in its Rate Schedule KDS.

SUMMARY OF ARGUMENT

FCG's Motion should be denied for many of the same reasons that its Petition should be dismissed or denied on the merits. FCG's Motion should also be dismissed because it is based on FCG's claim that the Extended Term rates will not cover FCG's incremental cost to serve, but that claim is based on facially obvious misrepresentations of FCG's incremental costs to serve and of its purported "Incremental" cost of service study, which is, in reality, a fully embedded cost study by which FCG attempts to foist onto Florida Crystals the fixed costs of the Clewiston Pipeline, and for which *the Commission has already held that FCG took the business risk for any costs in excess of the payments under the Agreement*. Order No. 04-0128 at 31.

In short, FCG struck an advantageous bargain for itself in 2001, when Florida Crystals committed to pay rates greater than FCG's costs for the first fifteen years of the Agreement on a "take-or-pay" basis to support FCG's construction of its Clewiston Pipeline Extension Project and, of course, the lateral pipeline and associated facilities that serve the Okeelanta Facility. FCG further, in sworn testimony supporting its 2003 Rate Case, informed the PSC of the Agreement and the costs incurred to serve Florida Crystals, upon which the PSC relied in setting FCG's rates, and thus the PSC specifically knew of and recognized

the existence of the Agreement, and the costs incurred to serve Florida Crystals as well as the rates to be paid by Florida Crystals, thirteen years ago.⁴

FCG, however, now faced with the imminent expiration of the Primary Term of the Agreement, during which Florida Crystals has made guaranteed payments greater than FCG's cost to serve, and also faced with the prospect of having to fulfill its contractual obligations for the Agreement's Extended Term, which provides for Florida Crystals to pay less during those last fifteen years, and without any guarantees, simply seeks to get out of its commitments. Astonishingly, FCG attempts to rely on its own failures to comply with the Commission's Rules and its own tariff to evade its contractual obligations to Florida Crystals and to shift onto Florida Crystals the "business risk" that the Commission recognized was taken by FCG in undertaking the Clewiston Pipeline Project in the first place. The Commission should not permit FCG to contradict its position espoused in the 2003 Rate Case that it already recovered the incremental costs to service Florida

⁴ As explained in Florida Crystals' Motion to Dismiss, the Commission's approval of FCG's KDS Rate Schedule, and indeed all of FCG's rates, based on FCG's representations that "The Company's negotiated rate contract with Florida Crystals establishes a rate that recovers its costs to provide service," can and should be understood as substantive and substantial approval of the Agreement itself. Coupled with the Commission's concomitant holding that "unmaterialized projections [of future sales and revenues] represent a business risk of the Company that is more appropriately borne by its stockholders, rather than by its ratepayers," Order No. 04-0128 at 31, the Commission should hold FCG's present claims to be barred by the doctrine of administrative finality. See Florida Power Corp. v. Garcia, 780 So. 2d 34, 44 (Fla. 2001).

Crystals, and should not give countenance to FCG's brazen attempt to renege on its agreement with Florida Crystals.

FCG's Motion for Approval of Temporary Interim Service Arrangement is, like FCG's Petition, legally flawed and predicated on false and misleading representations regarding the legal status of the Agreement and also regarding FCG's purported cost evidence, upon which it purports to rely for its alleged "harm." Following any and all reasonable principles of fairness, justice, and good regulatory policy, the Commission cannot allow this to occur, and the Commission should accordingly deny FCG's Motion, just as it should dismiss FCG's Petition, for the reasons set forth herein.

ARGUMENT

I. FCG's Motion is Substantively a Request for Interim Rate Relief, Based on Alleged Harm to FCG, But FCG Has Failed to Satisfy the Requirements for a *Prima Facie* Case for Interim Relief.

Although FCG asks for interim rate relief, based on alleged economic harm, FCG has failed to satisfy the minimum pleading requirements applicable to such requests. Section 366.071, Florida Statutes, provides as follows.

366.071 Interim rates; procedure.—

(1) The commission may, during any proceeding for a change of rates, upon its own motion, or upon petition from any party, or by a tariff filing of a public utility, authorize the collection of interim rates until the effective date of the final order. Such interim rates may be based upon a test period different from the test period used in the request for permanent rate relief. To establish a prima facie entitlement for interim relief, the commission, the petitioning party, or the public utility shall demonstrate that the public utility is earning

outside the range of reasonableness on rate of return calculated in accordance with subsection (5).

Commission Rule 25-7.040, F.A.C., Interim Rate Relief, provides in pertinent part as follows:

25-7.040 Interim Rate Relief.

(1) Each natural gas utility petitioning for interim rate relief pursuant to Section 366.071, F.S., shall file the data required in paragraph 25-7.039(1)(a), F.A.C.

(2)(a) Interim rates shall apply across the board based on base rate revenues for the test period less base gas revenue by rate schedule. The resulting dollar amount shall be divided by base rate revenues per rate schedule to determine the percent increase applied to each rate schedule.

(b) In determining the interim increase, the following data shall be provided by rate schedule: Therm sales; base rate revenue less base gas cost; base gas revenue; total base rate revenue; purchased gas adjustment revenue; total revenue. The interim increase shall be shown by dollar amount and percentage by rate schedule calculated in the following manner . . .

Commission Rule 25-7.039(1)(a), F.A.C., Natural Gas Utility Minimum Filing Requirements; Commission Designee, which prescribes the data required to accompany a request for interim rate relief, provides in pertinent part as follows:

25-7.039 Natural Gas Utility Minimum Filing Requirements; Commission Designee.

(1) General Filing Instructions.

(a) The petition under Sections 366.06 and 366.071, F.S., for an adjustment of rates must include or be accompanied by:

1. The information required by Commission Form PSC/AFD 10-G (11/89), entitled "Investor Owned Natural Gas Utilities Minimum

Filing Requirements” which is incorporated into this rule by reference. The form may be obtained from the Commission’s Division of Accounting and Finance.

2. The exact name of the applicant and the address of the applicant’s principal place of business.

3. Copies of prepared direct testimony and exhibits for each witness testifying on behalf of the company.

(b) In compiling the required schedules, a company shall follow the policies, procedures and guidelines prescribed by the Commission in relevant rules and in the company’s last rate case or in a more recent rate case involving a comparable utility. These schedules shall be identified appropriately (e.g. Schedule B-1 would be designated Company Schedule B-1 – Company basis).

(c) Each schedule shall be cross-referenced to identify related schedules as either supporting schedules and/or recap schedules.

(d) Each page of the filing shall be numbered on 8 1/2" × 11" inch paper. Each witness’ prefiled testimony and exhibits shall be on numbered pages and all exhibits shall be attached to the proponent’s testimony.

(e) Except for handwritten official company records, all data in the petition, testimony, exhibits and minimum filing requirements shall be typed.

(f) Each schedule shall indicate the name of the witness responsible for its presentation.

(g) All schedules involving investment data shall be completed on an average investment basis. Unless a specific schedule requests otherwise, average is defined as the average of thirteen (13) monthly balances. . . .

Although it claims to seek interim rate relief, FCG has not even cited the interim relief statute or the interim rates rule in its Motion, and FCG has obviously not satisfied the filing requirements set forth therein. Further, the Commission has

held that interim rate relief is only available in general base rate proceedings. See In re: Petition for Authority to Recover Prudently Incurred Storm Restoration Costs Related to 2004 Storm Season that Exceed Storm Reserve Balance, by Florida Power & Light Company, Docket No. 041291-EI, Order No. PSC-05-0187-PCO-EI at 10 (Fla. Pub. Serv. Comm'n, Feb. 17, 2005), where the Commission agreed that its “authority to set interim rates pursuant to Section 366.071, Florida Statutes, is limited to use in full base rate proceedings.” FCG is clearly not entitled to seek interim rates under the Commission well-settled interim rate procedures, and the Commission should reject FCG’s unauthorized attempt to evade the requirements of Section 366.071(1), Florida Statutes, and Rules 25-7.040 and 25-7.039, F.A.C.

Florida Crystals next turns to FCG’s failure to establish any justification for its requested interim rate relief.

II. FCG’s Motion Should Be Denied Because FCG Has Failed to Establish that Either FCG or its Other Ratepayers Will Suffer Any Harm if FCG Provides Gas Transportation Service to Florida Crystals at the Extended Term Rates Under the Agreement. In Fact, FCG’s Own Cost Study Shows that the Extended Term Rates Will Cover FCG’s True Incremental Cost to Serve the Okeelanta Facility Several Times Over.

FCG’s Motion should be denied because FCG has failed to present any credible factual evidence that either FCG or its other customers will be harmed if FCG provides service to Florida Crystals at the Extended Term rates provided for in the Agreement.

A. No Harm to Other Ratepayers.

There can be no harm to FCG's other ratepayers because there is no docketed general rate case in which any costs might be shifted onto them. As a matter of law, any impact on other customers could only occur, if ever, after a future general rate case in which, by hypothesis, the Commission might determine that both (a) the rates paid by Florida Crystals are insufficient and (b) any deficiency in revenues resulting from Florida Crystals continuing to pay the rates set forth in the Agreement instead of, again hypothetically, paying higher rates pursuant to some future rate case determination, should be borne by FCG's other customers, instead of being borne by FCG's stockholders. Of course, such a result is wholly inconsistent with the Commission's holding in the 2003 Rate Case that certain "unmaterialized projections [of future sales and revenues from the Clewiston Pipeline Project] represent a business risk of the Company that is more appropriately borne by its stockholders, rather than by its ratepayers." Order No. 04-0128 at 31.

B. No Harm to Florida City Gas Because the Extended Term Rates Are Significantly Greater than FCG's *True Incremental Cost* to Serve.

FCG claims that it will be harmed because, FCG alleges, the Extended Term rates will not allow it to recover its incremental cost to serve the "large volumes" that it expects Florida Crystals to transport to the Okeelanta Facility pursuant to the Agreement, and further argues that it is harmed because the Extended Term "rates

[] do not meet the incremental cost standards of FCG’s KDS Rate Schedule, the successor to the KTS Schedule.” Motion at ¶2. This allegation is false because the Extended Term rates are much greater than FCG’s true *incremental* cost to serve, which at most are FCG’s O&M costs incurred to serve the Okeelanta Facility, and those costs are a small fraction of the revenues that FCG projects it will receive from Florida Crystals. (See the projected revenues shown in Cells E18 through E32 of FCG’s Confidential Exhibit No. 2,⁵ and then compare those revenues to the O&M costs that FCG claims it will incur to serve Florida Crystals shown in Cell B8 on page 1 of 1 of its Confidential Exhibit No. 3.)

1. Types of Cost of Service Studies. There are generally two types of cost of service studies, “accounting-based (embedded) cost methodologies and marginal cost methodologies.” National Association of Regulatory Utility Commissioners, Electric Utility Cost Allocation Manual, January 1992, at 12 (hereinafter “NARUC Cost Manual”). As seen from the first definition below, “incremental cost” is synonymous with “marginal cost.”

⁵The methodology used in FCG’s Confidential Exhibits Nos. 2 and 3 cannot be confidential because it’s the same as set forth and supported publicly by the Company in its MFRs in the 2003 Rate Case. At most, the cost values MIGHT be confidential, although even that is suspect. In any event, Florida Crystals will file an objection to the request for confidential classification of at least the methodology in FCG’s exhibits, including the titles, row headings, and column headings.

2. Definitions. Some representative definitions of “incremental cost”

include the following:

What is 'Incremental Cost'

Incremental cost, also referred to as marginal cost, is the encompassing change a company experiences within its balance sheet or income statement due to the production and sale of one additional unit of production. It is calculated by analyzing the additional charges incurred based on the change in a certain activity.

Source: <http://www.investopedia.com/terms/i/incrementalcost.asp>

Noun 1. Incremental cost – the increase or decrease in costs as a result of one more or one less unit of output

Source: <http://www.thefreedictionary.com/incremental+cost>

What is an incremental cost?

An incremental cost is the increase in total costs resulting from an increase in production or other activity.

For instance, if a company's total costs increase from \$320,000 to \$360,000 as the result of increasing its machine hours from 8,000 to 10,000, the incremental cost of the 2,000 machine hours is \$40,000.

Source: <http://www.accountingcoach.com/blog/what-is-an-incremental-cost>

An “embedded cost study” is a “cost allocation method[] based on historical or known costs.” NARUC Cost Manual at 32. Embedded cost studies are based on known, historical information based on accounting costs, as exemplified by Mr. Householder’s accurately titled FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY submitted in the 2003 Rate Case. For example, pages 7-8 of

Schedule H-2 of FCG's MFRs – i.e., Mr. Householder's FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY – in that case included the fully allocated fixed costs of FCG's rate base, depreciation, amortization, taxes other than income taxes (mainly property taxes), and income taxes (a function of the return on fixed rate base investment). See also MFR H-3, especially page 1 of 3, which includes Mr. Householder's summary of rate base allocation by account, including mains, meters, and measuring and regulation plant items.

3. The Extended Term Rates Are Much Greater Than FCG's True Incremental Cost to Serve the Okeelanta Facility. The Extended Term rates to be paid by Florida Crystals under the Agreement, as reflected in FCG's projections of the revenues that it expects to receive (Confidential Exhibit No. 2, page 1 of 1, Cells E18-E32), are significantly greater than FCG's *true incremental cost* to serve. In fact, the true incremental costs for FCG to serve the Okeelanta Facility are at most the O&M costs allocated to that service. To see that the *true incremental costs* of serving Okeelanta are at most FCG's O&M costs, consider the following: If FCG were not to serve Florida Crystals, the only costs that it could avoid would be its O&M costs – that is, it could possibly reduce purchases of materials and supplies and reduce employees' hours by the amounts that would otherwise be spent maintaining the line that serves the Okeelanta Facility. (Actually part of the allocated O&M costs are almost certainly fixed O&M costs

which could not be avoided in any event, but for purposes of this discussion, it is useful to assume that the entire sum of O&M costs shown in Cell B8 of FCG's Confidential Exhibit No. 3 are variable and thus avoidable if FCG were not to serve Okeelanta.)

Correspondingly, if Florida Crystals were not receiving service and then requested service, *FCG's fixed costs* – the rate base and all of the associated return, debt, depreciation, property taxes, and similar costs of the Clewiston Pipeline and the lateral that serves Okeelanta – *would be exactly the same as they are now*. These cost items would not change, and thus the maximum incremental costs of providing the service would be whatever truly *incremental* O&M costs (e.g., additional materials and supplies, possibly a small amount of electricity to run pumps or compressors, and some relatively small amount of labor costs) FCG would incur to provide that service. The O&M cost allocated to Florida Crystals in Mr. Householder's FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY in the 2003 Rate Case was \$22,750 per year. MFR H-1, page 6 of 11. Mr. Householder correctly described these costs as “relatively minor” in his testimony in the 2003 Rate Case, cited in Florida Crystals' Motion to Dismiss. The value reported in FCG's “Confidential” cost study is, in the general scheme of things, not significantly different. The Commission is referred to the value shown in Cell B8 on page 1 of 1 of Confidential Exhibit No. 3 to FCG's Petition.

Thus, comparing the projected revenues to be received from Florida Crystals at the Extended Term rates to the maximum *incremental* costs of providing that service shows that the *projected revenues exceed the true incremental costs of service by several times*.

Of course, this is fully consistent with FCG's representations to the Commission in 2003, through Mr. Householder's testimony, that

The Company's negotiated rate contract with Florida Crystals establishes a rate that recovers its cost to provide service.

C. FCG's Purported "Incremental" Cost of Service Study Is In Fact a Fully Allocated Embedded Cost of Service Study.

The cost study presented as FCG's Confidential Exhibit No. 3 falsely purports to represent the "*incremental*" cost to serve FCC's Okeelanta Facility, when in fact, FCG's cost study is a *fully allocated embedded cost of service* study.

This is readily seen by comparing FCG's newly created cost study with Mr. Householder's FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY presented in FCG's MFRs in the 2003 Rate Case.

The cost of service analysis sponsored by FCG in the 2003 Rate Case was, true to its title, a FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY. Mr. Householder's cost study started with the fixed investment costs for FCG's system and allocated those fixed costs to the utility's rate/customer classes. Those fixed costs included the capital investment – i.e., the Company's rate base –

along with the cost items that flow directly from rate base: depreciation, return, property taxes and other taxes, and income taxes on the equity return portion of the utility's required revenues.

Comparing the cost components shown in Mr. Householder's 2003 FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY to those in FCG's confidential cost study submitted here as Confidential Exhibit No. 3, it is clear that FCG's study presented in this proceeding is exactly the same methodologically as Mr. Householder's 2003 study. Compare the cost components shown in Cells A8-A12 and A15 of Confidential Exhibit No. 3, page 1 of 7, to those presented in Mr. Householder's non-confidential FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY on pages 1-2 of 11 of MFR H-1. (As the Commission is well aware, the return component of a utility's revenue requirement is its rate base times its rate of return or overall cost of capital.)

In other words, all FCG has done in this proceeding, in its Confidential Exhibits, is to prepare a FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY and then to *title* it and *label* it as an "*incremental* cost study." This is false and misleading, and FCG's FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY, notwithstanding its title, affords no support whatsoever for FCG's claims.

By this misrepresentation of the incremental cost to serve Florida Crystals, FCG is trying yet again to escape the bargain that it made with Florida Crystals, and it is further trying to escape the consequences of the Commission's finding in its Order No. 04-0128 that FCG took the business risk of constructing the Clewiston Extension Pipeline Project, as well as FCG's own representations to the Commission in that rate case that

The Company's negotiated rate contract with Florida Crystals establishes a rate that recovers its cost to provide service.

D. Florida Crystals Has Paid Significantly More Than the Costs Incurred by FCG to Serve the Okeelanta Facility.

No matter how one views the information and data available to the Commission, Florida Crystals has paid significantly more than the costs incurred to serve the Okeelanta Facility. It is worth noting at this juncture that FCG has not sought any general rate relief since the 2003 Rate Case, so it is fair to presume that FCG is not concerned about its earnings or the relationships between its total costs and revenues.

Using the information provided in Mr. Householder's testimony on behalf of FCG in the 2003 Rate Case, upon which the Commission relied in setting FCG's rates, it is clear that Florida Crystals has more than kept its end of the bargain reflected in the Agreement. Mr. Householder testified that

The total cost of the facilities allocated and assigned to Florida Crystals was \$3,454,782. The plant's relatively minor annual O&M

costs were allocated using the methodology applied to all other classes in the cost study.

Docket No. 030569-GU, Direct Testimony of Jeff Householder, August 2003, contained in Commission Document No. 03-07495, filed on August 15, 2003. (A copy of this testimony was included with Florida Crystals' Motion to Dismiss.)

The "relatively minor" O&M costs were \$22,750 per year. The sum of (a) the total facilities costs allocated to serve Florida Crystals, \$3,454,782, plus (b) 15 times the "relatively minor" O&M costs of providing that service, \$341,250 ($15 \times \$22,750 = \$341,250$) equals \$3,796,032. Florida Crystals has paid FCG more than \$8.7 million over the past 15 years, clearly well more than double the costs to serve.

Looking at other information presented in Mr. Householder's FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY shows similar results and relationships between costs and Florida Crystals' payments. First, page 6 of 11 of MFR H-2 (in the bottom row of data) shows the TOTAL COST OF SERVICE to the Contract Demand rate class, in which Florida Crystals was the only customer, was \$440,700 per year. Florida Crystals has paid FCG \$8,732,763 over the past 15 years, as compared to 15 times the fully allocated cost of serving Florida Crystals, which is \$440,700 times 15, which equals \$6,610,500: Florida Crystals has paid 32 percent MORE THAN its cost of service as indicated by FCG's last approved cost of service study. Similarly, comparing the "TARGET REVENUES" for Florida Crystals (as the only member of the Contract Demand

rate class), which value is shown on page 2 of 12 of MFR Schedule H-1 as \$489,000, shows that while Florida Crystals has paid FCG more than \$8.7 million vs. \$7,335,000 (15 times \$489,000 equals \$7,335,000), or almost 20 percent more than the Target Revenues, which themselves exceeded the fully allocated cost of serving Florida Crystals.

Thus, the cost information provided by FCG, together with the payment information furnished on Florida Crystals' Exhibit A to this Response, shows that Florida Crystals has paid far more than the cost to serve as calculated, and as represented to the Commission, by FCG. Of course, this is consistent with the original purpose of the Agreement, which was to guarantee revenues to FCG to support its construction of the Clewiston Pipeline Expansion Project. And, of course, it is consistent with FCG's 2003 representations to the Commission regarding the Agreement in the 2003 Rate Case that

The Company's negotiated rate contract with Florida Crystals establishes a rate that recovers its cost to provide service.

E. Summary of Cost of Service Information.

In summary, Florida Crystals has more than kept up its end of the bargain struck by the Parties in the Agreement by paying guaranteed minimum payments to FCG that were much greater than FCG's cost to serve, as Florida Crystals' bargain to support FCG's construction of the Clewiston Pipeline. In fact, as shown

above, Florida Crystals has paid significantly more than the cost to provide the service as reported in FCG's cost of service analyses in the 2003 Rate Case.

FCG, now faced with having to keep up *FCG's end of the bargain*, seeks to evade its obligations by presenting a false and misleading cost of service study- a fully allocated cost study masquerading as an incremental cost study. It is clear that the Extended Term rates will cover FCG's true incremental costs to serve, i.e., its O&M costs, several times over.

FCG has not met, and cannot meet, its burden of proving that it is entitled to charge Florida Crystals anything more than the Extended Term rates, and the Commission should accordingly deny FCG's Motion, just as the Commission should deny its Petition.

III. FCG's Threat to Charge Its Excessive Tariff Rates Is Merely an Attempt by FCG to Bully Florida Crystals into Accepting the Excessive Interim Rates, for which FCG Cannot Show Harm. This is an Abuse of the Commission's Processes.

At page 4 of its Motion, FCG threatens to charge Florida Crystals its tariff rates for the GS 1,250k Schedule, if the PSC does not approve its Motion. Even FCG acknowledges that these tariff rates are not appropriate for Florida Crystals. Petition at 7. In fact, these tariff rates would result in Florida Crystals paying nearly ten times the Extended Term rates, and accordingly, Florida Crystals perceives FCG's ploy as an obvious threat designed to bully Florida Crystals into

accepting the temporary rates and to push the PSC into the wrong decision based on the temporary rates being somehow the lesser of two evils in terms of the inequity that either set of rates would visit upon Florida Crystals. Obviously, either set of higher rates would put economic pressure on Florida Crystals.

This threat, like FCG's entire case, is based on the false premise that the Agreement is invalid, which is in turn based on FCG's claim (disputed by Florida Crystals) that the Agreement is invalid because of FCG's own failures to follow its tariff and its own failures to perform the ministerial act of submitting the Agreement to the Commission for approval. Florida Crystals disputes that such filing was required, but even if it were, the Commission substantively and substantially approved the Agreement when it approved all of FCG's rates, including the rates being paid by Florida Crystals as the only member of the Contract Demand Service (KDS) Rate Class, in the 2003 Rate case. Further, the Commission cannot, consistent with any reasonable principles of sound regulatory policy and fairness, reward FCG by allowing it to evade its obligations based on FCG's own failures to fulfill the ministerial act of filing the Agreement for Commission approval. The cost information presented in Section II above clearly demonstrates that Florida Crystals has paid far more than its cost to serve, that Florida Crystals has more than kept up its end of the bargain struck by the Parties

in 2001, and that the Extended Term rates will far more than cover FCG's true incremental cost of serving the Okeelanta Facility.

IV. FCG's Motion, Like its Petition, Is Based on the False Premise that the Agreement is Not a Valid, Legally Effective Contract Under Florida Law.

In paragraph 1 of its Motion, FCG recites its position that the Agreement is not a valid contract, and then, in paragraph 2, argues that because the Agreement is not valid, it cannot charge the rates pursuant to the Agreement because those rates do not satisfy the incremental cost standard in its current Rate Schedule KDS. The falsehood of this latter allegation is addressed above; the falsehood of FCG's overarching premise to its claims in this docket, that the Agreement is not a valid contract under Florida law, was addressed in Florida Crystals' Motion to Dismiss and is briefly addressed again here.

The Agreement between FCG and Florida Crystals is a valid contract under Florida law and did not require filing with the PSC because it was covered by, and otherwise complied with, FCG's applicable tariffs, specifically Rate Schedule KTS (Contract Transportation Service). Regarding the validity of the Agreement, the elements of a valid contract under Florida law are simple and straightforward. There must be an offer and acceptance of the agreement, and there must be an exchange of value, known as consideration. Nowlin v. Nationstar Mortgage, LLC, 193 So. 3d 1043, 1045 (Fla. 2nd DCA 2016). These requirements are clearly met in this instance. The Agreement is written and on its face recognizes the Parties' mutual agreement to the terms of the Agreement as well as the exchange of consideration supporting their covenants under the Agreement. Moreover, the

Parties have mutually performed their respective duties under the Agreement for the past fifteen years. The Agreement is valid as between the Parties, as evidenced by its clear satisfaction of the legal requirements for valid contracts under Florida law and fully confirmed by FCG's fifteen-year course of conduct. The Commission should reject FCG's fallacious, bootstrap arguments and deny its Motion as well as its Petition.

V. FCG's Motion Should be Denied for the Same Reasons that its Petition Should Be Denied: FCG's Entire Case is Predicated On FCG's Admitted Failure to Follow Its Own Tariff and its Alleged Failure to Follow the Commission's Contract Approval Rules, and FCG's Motion for Interim Rates is Predicated on a Misleading, Mischaracterized Cost Study. Allowing FCG to Evade its Obligations Based on this Astonishing Pattern of Behavior Would Violate All Reasonable Principles of Sound Regulatory Policy and Result in Rates that would be Unfair, Unjust, and Unreasonable.

Finally, where FCG's entire case is predicated on FCG's assertion that, because of FCG's own failure to follow the Commission's Rules (which also demonstrates on its face that FCG violated its tariff by not filing the Agreement), the Agreement is invalid, and where it is clear that FCG is simply trying to abuse the Commission's processes, predicated on its own failures, to extract more money from Florida Crystals – for the sole benefit of its shareholders – than provided for in the bargain that FCG and Florida Crystals struck – and pursuant to which both Parties performed for fifteen years, and where it is equally clear that FCG is trying now to shift onto Florida Crystals the “business risk” that the Commission

recognized was taken by FCG in undertaking the Clewiston Project, the Commission must recognize it cannot allow FCG to bootstrap its own failures into such an unfair, unjust, and unreasonable result. Accordingly, the Commission should deny FCG's Motion as well as its Petition.

CONCLUSION AND RELIEF REQUESTED

In ruling on FCG's Motion, the Commission must, of course, bear in mind that FCG has the burden of establishing that it is entitled to the relief requested in that Motion. The Commission should also bear the following facts in mind:

1. FCG's entire case is predicated on FCG's assertion that, because of FCG's alleged failure to follow the Commission's Rules (which Florida Crystals believes do not apply in any event), the Agreement is invalid; AND
2. It is clear that FCG is simply trying to abuse the Commission's processes, predicated from the outset on its own failures, to extract more money from Florida Crystals than provided for in the bargain that FCG and Florida Crystals struck – and pursuant to which both Parties performed for fifteen years; AND
3. The factual cost of service information and payment information presented by FCG and Florida Crystals (which is technically not "evidence" yet) shows that Florida Crystals has paid far more than the total costs to serve, as

testified to by FCG's own expert cost of service witness in FCG's 2003 Rate Case; AND

4. The factual cost of service and payment material presented by FCG and Florida Crystals also shows that the anticipated payments by Florida Crystals of up to \$328,114 per year, plus probable increases based on escalation in the Consumer Price Index, exceed by several times the *true incremental costs* incurred by FCG to provide gas transportation service pursuant to the Agreement; AND
5. As explained above, it is clear on the face of the documents that FCG's purported "incremental" cost of service study is, in fact, a "FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY," virtually identical in methodology to that presented and supported by FCG's witness, and relied upon by the Commission, in FCG's 2003 Rate Case; AND
6. FCG now – based on its misrepresentations as to the legal status of the Agreement and also based on its misrepresentation of its costs to serve – misleadingly characterizes its fully allocated, fixed costs of service as failing to "meet the incremental cost standards of its KDS Rate Schedule," and attempts to parlay these misrepresentations into authority to charge Florida Crystals rates that are several times the Extended Term rates provided by the Agreement.

In short, FCG is attempting to use the Commission's processes to evade its obligations pursuant to the Agreement under which Florida Crystals has kept up its end of the bargain for 15 years, to shift the "business risk" that FCG took onto Florida Crystals, and to bully Florida Crystals into agreeing to pay more than those provided for in the Parties' bargained-for Agreement. FCG's efforts are based on the fallacious legal argument that the Agreement is not a valid contract under Florida law, and further based on FCG's admitted failure to follow its own tariff and its asserted failure to follow the Commission's Rules (which, again, Florida Crystals believes do not apply), and further based on a blatant misrepresentation of its incremental cost to serve Florida Crystals.

The Commission simply cannot allow FCG to bootstrap its own failures and misrepresentations to obtain the Commission's authorization to charge Florida Crystals more than the Agreement provides. FCG has not met, and cannot meet, its burden of proof to establish any entitlement to charge Florida Crystals more than the Extended Term rates provided for in the Agreement. Accordingly, the Commission should deny FCG's Motion as well as FCG's Petition. Any other result would be unfair, unjust, and unreasonable.

Respectfully submitted this 19th day of September, 2016.



Robert Scheffel Wright
schef@gbwlegal.com

John T. LaVia, III
jlavia@gbwlegal.com

Gardner, Bist, Bowden, Bush, Dee,
LaVia & Wright, P.A.

1300 Thomaswood Drive
Tallahassee, Florida 32308
Telephone (850) 385-0070
Facsimile (850) 385-5416

Attorneys for Florida Crystals Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the following, by electronic delivery, on this 19th day of September, 2016.

Margo Leathers
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Floyd R. Self
Berger Singerman
313 North Monroe Street, Suite 301
Tallahassee, Florida 32301
fself@bergersingerman.com

Carolyn Bermudez
Florida City Gas
4045 NW 97th Avenue
Doral, Florida 33178-2300
cbermude@aglresources.com

Blake O’Farrow
Southern Company Gas
Ten Peachtree Place NE
Atlanta, Georgia 30309
bofarrow@aglresources.com



Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 160175-GU

EXHIBIT A

TO

**FLORIDA CRYSTALS CORPORATION'S RESPONSE IN
OPPOSITION TO FCG'S MOTION FOR APPROVAL OF
TEMPORARY INTERIM SERVICE ARRANGEMENT**

**FLORIDA CRYSTALS CORPORATION:
FCG PAYMENT HISTORY, ACCOUNTS PAYABLE REPORT,
CALENDAR YEAR 2000 – JULY 2016**

**SUBMITTED:
SEPTEMBER 19, 2016**

**FCC - COGEN
Florida City Gas
Payment History
Accounts Payable Report**

2000 Calendar Year	\$ 25,156
2001 Calendar Year	\$ -
2002 Calendar Year	\$ 1,207,591
2003 Calendar Year	\$ 1,855,698
2004 Calendar Year	\$ 327,028
2005 Calendar Year	\$ 301,872
2006 Calendar Year	\$ 301,872
2007 Calendar Year	\$ 327,028
2008 Calendar Year	\$ 251,560
2009 Calendar Year	\$ 374,789
2010 Calendar Year	\$ 303,229
2011 Calendar Year	\$ 312,260
2012 Calendar Year	\$ 639,484
2013 Calendar Year	\$ 622,494
2014 Calendar Year	\$ 676,041
2015 Calendar Year	\$ 599,764
2016 Calendar Year (Jan-Jul)	\$ 606,897
	\$ 8,732,763

Source: Accounts Payable records

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 160175-GU

EXHIBIT B

TO

**FLORIDA CRYSTALS CORPORATION'S RESPONSE IN
OPPOSITION TO FCG'S MOTION FOR APPROVAL OF
TEMPORARY INTERIM SERVICE ARRANGEMENT**

**CITY GAS COMPANY OF FLORIDA, DOCKET NO. 030569-GU,
MINIMUM FILING REQ'TS SCHEDULES H-1 THROUGH H-3,
FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY
FOR PROJECTED TEST YEAR ENDED 09/30/2004,
WITNESS: J. HOUSEHOLDER**

**SUBMITTED:
SEPTEMBER 19, 2016**

CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC.
DOCKET NO. 030569-GU
MINIMUM FILING REQUIREMENTS
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CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC.
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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION FULLY ALLOCATED EMBEDDED COST OF SERVICE STUDY

TYPE OF DATA SHOWN PROJECTED TEST YEAR 09/30/04

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC
DOCKET NO: 030569-GU

CALCULATION OF PROPOSED RATES
SCHEDULE A (PAGE 1 OF 2)

WITNESS J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES

	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6k	GS-25k	GS-60k
PROPOSED TOTAL TARGET REVENUES	\$ 2,826,530	\$ 10,141,632	\$ 11,055,991	\$ 768,300	\$ 3,083,535	\$ 6,776,279	\$ 3,730,380	\$ 1,992,978
LESS OTHER OPERATING REVENUE	\$ 185,944	\$ 371,033	\$ 310,750	\$ 41,235	\$ 199,730	\$ 166,414	\$ 31,651	\$ 7,588
<u>Less: Proposed Customer Charge Revenues</u>								
Proposed Customer charges: SALES & TRANSPORTATION	\$ 9.25	\$ 12.00	\$ 15.00	\$ 20.00	\$ 25.00	\$ 33.00	\$ 130.00	\$ 185.00
TIMES, NUMBER OF BILLS SALES & TRANSPORTATION	222,591	522,945	405,217	14,750	26,228	20,900	3,975	953
EQUALS. CUSTOMER CHARGE REVENUES	\$ 2,058,967	\$ 6,275,339	\$ 6,078,250	\$ 295,000	\$ 655,689	\$ 689,700	\$ 516,750	\$ 176,305
<u>Less: Proposed Demand Charge Revenues</u>								
Proposed demand charges: SALES & TRANSPORTATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.25
TIMES, DCQ SALES & TRANSPORTATION	-	-	-	-	-	-	-	24,864
EQUALS. DEMAND CHARGE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,264
EQUALS. PER-THERM TARGET REVENUES	\$ 581,620	\$ 3,495,260	\$ 4,666,991	\$ 432,065	\$ 2,228,116	\$ 5,920,165	\$ 3,181,980	\$ 1,628,821
DIVIDED BY: NUMBER OF THERMS	1,048,530	7,312,260	10,686,950	1,120,500	7,276,670	20,541,884	11,533,090	6,313,260
EQUALS. PER-THERM RATES (Unrounded)	\$ 0.554700	\$ 0.478000	\$ 0.436700	\$ 0.385600	\$ 0.306200	\$ 0.288200	\$ 0.275900	\$ 0.258000
PER-THERM RATES (Rounded)	\$ 0.55470	\$ 0.47800	\$ 0.43670	\$ 0.38560	\$ 0.30620	\$ 0.28820	\$ 0.27590	\$ 0.25800
PER-THERM-RATE REVENUES (Rounded Rates)	\$ 581,620	\$ 3,495,260	\$ 4,666,991	\$ 432,065	\$ 2,228,116	\$ 5,920,165	\$ 3,181,980	\$ 1,628,821

SUMMARY: PROPOSED TARIFF RATES

CUSTOMER CHARGES	\$ 9.25	\$ 12.00	\$ 15.00	\$ 20.00	\$ 25.00	\$ 33.00	\$ 130.00	\$ 185.00
DEMAND CHARGES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.25
ENERGY CHARGES								
NON-GAS (CENTS PER THERM)	55.4700	47.8000	43.6700	38.5600	30.6200	28.8200	27.5900	25.8000
PURCHASED GAS ADJUSTMENT	79.3970	79.3970	79.3970	79.3970	79.3970	79.3970	79.3970	79.3970
TOTAL (INCLUDING PGA)	134.8670	127.1970	123.0670	117.9570	110.0170	108.2170	106.9870	105.1970

SUMMARY: PRESENT TARIFF RATES

CUSTOMER CHARGES								
RESIDENTIAL	\$ 7.50	\$ 7.50	\$ 7.50	\$ 7.50	\$ 7.50			
COMMERCIAL AND INDUSTRIAL SALES	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
COMMERCIAL AND INDUSTRIAL TRANSPORTATION	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
ENERGY CHARGES NON-GAS (CENTS PER THERM)								
RESIDENTIAL	49.3670	49.3670	49.3670	49.3670	49.3670			
COMMERCIAL AND INDUSTRIAL	23.8770	23.8770	23.8770	23.8770	23.8770	23.8770	23.8770	23.8770
PURCHASED GAS ADJUSTMENT	79.3970	79.3970	79.3970	79.3970	79.3970	79.3970	79.3970	79.3970
TOTAL (INCLUDING PGA)								
RESIDENTIAL	128.7640	128.7640	128.7640	128.7640	128.7640			
COMMERCIAL AND INDUSTRIAL	103.2740	103.2740	103.2740	103.2740	103.2740	103.2740	103.2740	103.2740

SUMMARY OTHER OPERATING REVENUE	PRESENT	REVENUE	PROPOSED	REVENUE
CONNECTION CHARGE	\$30.00-\$60.00	\$88,090.00	\$50.00-\$110.00	\$178,980.00
COLLECTION CHARGE	\$30.00-\$60.00	\$126,894.00	\$50.00-\$150.00	\$257,824.00
BAD CHECKS	\$25.00	\$91,220.00	\$25.00	\$91,220.00
LATE PAYMENT CHARGES	\$25.00	\$420,000.00	\$25.00	\$420,000.00
CHANGE OF ACCOUNT	\$20.00	\$366,320.00	\$20.00	\$366,320.00

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY, CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUJ UTILITIES, INC.
 DOCKET NO 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR. 09/30/04

CALCULATION OF PROPOSED RATES
 SCHEDULE A (PAGE 2 OF 2)

WITNESS J HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES							
	GS-120k	GS-250k	GS-1250k	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	TOTAL SALES & TRANSPORTATION
PROPOSED TOTAL TARGET REVENUES	\$ 2,002,995	\$ 2,729,964	\$ 2,538,271	\$ 25,606	\$ 2,640	\$ 489,000	\$ 198,787	\$ 48,362,889
LESS. OTHER OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,314,344
Less. Proposed Customer Charge Revenues								
Proposed Customer charges: SALES & TRANSPORTATION	\$ 300.00	\$ 500.00	\$ 800.00	\$ -	\$ 15.00	\$ 400.00	\$ 400.00	
TIMES, NUMBER OF BILLS SALES & TRANSPORTATION	612	360	126	2,976	36	12	132	1,221,812
EQUALS: CUSTOMER CHARGE REVENUES	\$ 183,600	\$ 180,000	\$ 100,800	\$ -	\$ 540	\$ 4,800	\$ 52,800	\$ 17,268,540
Less. Proposed Demand Charge Revenues								
Proposed demand charges: SALES & TRANSPORTATION	\$ 7.25	\$ 7.25	\$ 7.25	\$ -	\$ -	\$ -	\$ 5.92	
TIMES DCC: SALES & TRANSPORTATION	80,880	118,236	100,464	-	-	-	24,672	349,116
EQUALS DEMAND CHARGE REVENUES	\$ 586,380	\$ 857,211	\$ 728,364	\$ -	\$ -	\$ -	\$ 146,058	\$ 2,498,277
EQUALS. PER-THERM TARGET REVENUES	\$ 1,233,015	\$ 1,692,753	\$ 1,709,107	\$ 25,606	\$ 2,100	\$ 484,200	\$ (71)	\$ 27,281,728
DIVIDED BY NUMBER OF THERMS	8,622,485	12,931,652	16,871,740	66,480	12,000	6,766,180	-	111,103,661
EQUALS PER-THERM RATES (Unrounded)	\$ 0.143000	\$ 0.130900	\$ 0.101300	\$ 0.385161	\$ 0.175000	\$ 0.071562	\$ -	
PER-THERM RATES (Rounded)	\$ 0.143000	\$ 0.130900	\$ 0.101300	\$ 0.385161	\$ 0.175000	\$ 0.071561	\$ -	
PER-THERM-RATE REVENUES (Rounded Rates)	\$ 1,233,015	\$ 1,692,753	\$ 1,709,107	\$ 25,605	\$ 2,100	\$ 484,188	\$ -	\$ 27,281,787

SUMMARY PROPOSED TARIFF RATES

CUSTOMER CHARGES	\$ 300.00	\$ 500.00	\$ 800.00	\$ -	\$ 15.00	\$ 400.00	\$ 400.00
DEMAND CHARGES	\$ 7.25	\$ 7.25	\$ 7.25	\$ -	\$ -	\$ -	\$ 5.92
ENERGY CHARGES							
NON-GAS (CENTS PER THERM)	14.3000	13.0900	10.1300	47.8000	17.5000	7.1560	-
PURCHASED GAS ADJUSTMENT	79.3970	79.3970	-	79.3970	79.3970	79.3970	-
TOTAL (INCLUDING PGA)	93.6970	92.4870	10.1300	127.1970	96.8970	86.5530	-

SUMMARY PRESENT TARIFF RATES

CUSTOMER CHARGES							
RESIDENTIAL							
COMMERCIAL AND INDUSTRIAL SALES	\$ 50.00	\$ 100.00	\$ 250.00	\$ -	\$ 15.00	\$ 400.00	
COMMERCIAL AND INDUSTRIAL TRANSPORTATION	\$ 55.00	\$ 175.00	\$ 400.00	\$ -	\$ 15.00	\$ 400.00	
ENERGY CHARGES NON-GAS (CENTS PER THERM)							
RESIDENTIAL				49.3670			
COMMERCIAL AND INDUSTRIAL	17.8470	15.7870	11.1980		17.5000	8.2500	
PURCHASED GAS ADJUSTMENT	79.3970	79.3970	79.3970	79.3970	79.3970	79.3970	
TOTAL (INCLUDING PGA)							
RESIDENTIAL				128.7640			
COMMERCIAL AND INDUSTRIAL	97.2440	95.1840	90.5950	79.3970	96.8970	87.6470	

SUMMARY OTHER OPERATING REVENUE

CONNECTION CHARGE
 COLLECTION CHARGE
 BAD CHECKS
 LATE PAYMENT CHARGES
 CHANGE OF ACCOUNT

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY

TYPE OF DATA SHOWN:
PROJECTED TEST YEAR 09/30/04

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC
DOCKET NO: 030569-GU

PROPOSED RATE DESIGN
SCHEDULE B (PAGE 1 OF 2)

WITNESS: J HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES							
	GS-1	GS-100	GS-220	GS-800	GS-1200	GS-6000	GS-25000	GS-60000
PRESENT RATES (projected test year)								
GAS SALES (due to growth)	\$ 2,228,213	\$ 7,506,750	\$ 8,273,716	\$ 816,699	\$ 2,319,121	\$ 5,354,310	\$ 2,832,111	\$ 1,522,171
OTHER OPERATING REVENUE	\$ 154,562	\$ 308,414	\$ 258,305	\$ 34,276	\$ 166,022	\$ 138,329	\$ 26,309	\$ 6,308
TOTAL	\$ 2,382,775	\$ 7,815,164	\$ 8,532,021	\$ 850,975	\$ 2,485,143	\$ 5,492,638	\$ 2,858,420	\$ 1,528,479
RATE OF RETURN	4.05%	0.41%	1.33%	4.94%	3.76%	4.52%	2.85%	3.04%
INDEX	1.39	0.14	0.46	1.70	1.29	1.55	0.98	1.04
PROPOSED RATES								
GAS SALES	\$ 2,640,586	\$ 9,770,599	\$ 10,745,241	\$ 727,065	\$ 2,883,805	\$ 6,609,865	\$ 3,698,730	\$ 1,985,390
OTHER OPERATING REVENUE	\$ 185,944	\$ 371,033	\$ 310,750	\$ 41,235	\$ 199,730	\$ 166,414	\$ 31,651	\$ 7,588
TOTAL	\$ 2,826,530	\$ 10,141,632	\$ 11,055,991	\$ 768,300	\$ 3,083,535	\$ 6,776,279	\$ 3,730,380	\$ 1,992,978
TOTAL REVENUE INCREASE	\$ 443,755	\$ 2,326,468	\$ 2,523,970	\$ 117,325	\$ 598,392	\$ 1,283,641	\$ 871,960	\$ 464,500
PERCENT INCREASE	18.62%	29.77%	29.58%	18.02%	24.08%	23.37%	30.50%	30.39%
RATE OF RETURN	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
INDEX	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04

PROPOSED RATE DESIGN
 SCHEDULE B (PAGE 2 OF 2)

WITNESS J.HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES								
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	TOTAL SALES & TRANSPORTATION	
PRESENT RATES (projected test year)									
GAS SALES (due to growth)	\$ 1,562,951	\$ 2,106,615	\$ 1,939,695	\$ 26,448	\$ 2,640	\$ 489,627	\$ -	\$ 36,781,066	
OTHER OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,092,524	
TOTAL	\$ 1,562,951	\$ 2,106,615	\$ 1,939,695	\$ 26,448	\$ 2,640	\$ 489,627	\$ -	\$ 37,873,590	
RATE OF RETURN INDEX	4.52% 1.55	4.61% 1.58	3.64% 1.25	-9.73% -3.34	-0.53% -0.18	9.64% 3.31	-2743.83% -941.49	2.91% 1.00	
PROPOSED RATES									
GAS SALES	\$ 2,002,995	\$ 2,729,964	\$ 2,538,271	\$ 25,606	\$ 2,640	\$ 489,000	\$ 198,787	\$ 47,048,545	
OTHER OPERATING REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,314,344	
TOTAL	\$ 2,002,995	\$ 2,729,964	\$ 2,538,271	\$ 25,606	\$ 2,640	\$ 489,000	\$ 198,787	\$ 48,362,889	
TOTAL REVENUE INCREASE	\$ 440,044	\$ 623,349	\$ 598,576	\$ (642)	\$ -	\$ (627)	\$ 198,787	\$ 10,489,299	
PERCENT INCREASE	28.15%	29.59%	30.86%	-3.19%	0.00%	-0.13%	0.00%	27.70%	
RATE OF RETURN INDEX	8.11% 1.00	8.24% 1.02	8.25% 1.02	-12.62% -1.56	-3.24% -0.40	8.32% 1.03	-144.13% -17.79	8.10% 1.00	

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY

TYPE OF DATA SHOWN
PROJECTED TEST YEAR: 09/30/04

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC.
DOCKET NO 030569-GU

RATE OF RETURN BY CUSTOMER CLASS
SCHEDULE C PAGE 1 OF 4 (PRESENT RATES)

WITNESS: J HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES							
	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
REVENUES (projected test year)								
Gas Sales (due to growth)	\$ 2,228,213	\$ 7,506,750	\$ 8,273,716	\$ 616,699	\$ 2,319,121	\$ 5,354,310	\$ 2,832,111	\$ 1,522,171
Other Operating Revenue	\$ 154,562	\$ 308,414	\$ 258,305	\$ 34,276	\$ 166,022	\$ 138,329	\$ 26,309	\$ 6,308
Total	\$ 2,382,775	\$ 7,815,164	\$ 8,532,021	\$ 650,975	\$ 2,485,143	\$ 5,492,638	\$ 2,858,420	\$ 1,528,479
EXPENSES								
Purchased Gas Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O&M Expenses	\$ 1,759,161	\$ 6,128,949	\$ 6,233,778	\$ 427,402	\$ 1,530,913	\$ 2,962,840	\$ 1,686,926	\$ 872,487
Depreciation Expenses	\$ 336,669	\$ 1,294,151	\$ 1,605,992	\$ 114,457	\$ 537,562	\$ 1,327,310	\$ 705,967	\$ 389,053
Amortization Expenses	\$ 2,857	\$ 13,165	\$ 17,352	\$ 1,478	\$ 8,318	\$ 22,248	\$ 12,244	\$ 6,716
Taxes Other Than Income—Fixed	\$ 75,484	\$ 289,451	\$ 358,555	\$ 25,491	\$ 119,473	\$ 294,435	\$ 156,507	\$ 86,245
Taxes Other Than Income—Revenue	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
Total Expenses excluding Income Taxes	\$ 2,194,294	\$ 7,799,963	\$ 8,297,261	\$ 574,362	\$ 2,218,242	\$ 4,656,999	\$ 2,589,673	\$ 1,369,542
INCOME TAXES	\$ (16,564)	\$ (62,640)	\$ (77,020)	\$ (5,451)	\$ (25,575)	\$ (63,659)	\$ (33,949)	\$ (18,714)
NET OPERATING INCOME	\$ 205,045	\$ 77,842	\$ 311,780	\$ 82,064	\$ 292,476	\$ 899,298	\$ 302,696	\$ 177,651
RATE BASE	\$ 5,057,592	\$ 19,107,221	\$ 23,476,562	\$ 1,659,936	\$ 7,781,520	\$ 19,878,862	\$ 10,510,755	\$ 5,849,420
RATE OF RETURN	4.05%	0.41%	1.33%	4.94%	3.76%	4.52%	2.85%	3.04%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 09/30/04

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC.
DOCKET NO 030569-GU

RATE OF RETURN BY CUSTOMER CLASS
SCHEDULE C PAGE 2 OF 4 (PRESENT RATES)

WITNESS J HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES							
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	TOTAL SALES & TRANSPORTATION
REVENUES (projected test year)								
Gas Sales (due to growth)	\$ 1,562,951	\$ 2,106,615	\$ 1,939,695	\$ 26,448	\$ 2,640	\$ 489,627	\$ -	\$ 36,781,066
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,092,524
Total	\$ 1,562,951	\$ 2,106,615	\$ 1,939,695	\$ 26,448	\$ 2,640	\$ 489,627	\$ -	\$ 37,873,590
EXPENSES								
Purchased Gas Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O&M Expenses	\$ 607,917	\$ 721,701	\$ 893,224	\$ 27,829	\$ 1,981	\$ 22,750	\$ 190,498	\$ 24,068,155
Depreciation Expenses	\$ 501,902	\$ 726,534	\$ 606,601	\$ 7,214	\$ 564	\$ 116,013	\$ -	\$ 8,269,989
Amortization Expenses	\$ 8,997	\$ 13,102	\$ 13,962	\$ 91	\$ 12	\$ 4,786	\$ -	\$ 125,328
Taxes Other Than Income—Fixed	\$ 111,233	\$ 160,805	\$ 133,269	\$ 1,610	\$ 128	\$ 47,079	\$ -	\$ 1,859,762
Taxes Other Than Income—Revenue	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$ 357,163
Total Expenses excluding Income Taxes	\$ 1,245,211	\$ 1,642,689	\$ 1,666,170	\$ 36,917	\$ 2,710	\$ 194,273	\$ 192,091	\$ 34,680,397
INCOME TAXES	\$ (24,168)	\$ (34,970)	\$ (28,954)	\$ (337)	\$ (27)	\$ (11,711)	\$ (23)	\$ (403,763)
NET OPERATING INCOME	\$ 341,808	\$ 488,897	\$ 302,479	\$ (10,132)	\$ (43)	\$ 307,065	\$ (192,068)	\$ 3,596,956
RATE BASE	\$ 7,556,954	\$ 10,819,967	\$ 8,316,722	\$ 104,157	\$ 8,244	\$ 3,186,890	\$ 7,000	\$ 123,421,803
RATE OF RETURN	4.52%	4.61%	3.64%	-9.73%	-0.53%	9.64%	-2743.83%	2.91%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 09/30/04

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC.
DOCKET NO 030569-GU

RATE OF RETURN BY CUSTOMER CLASS
SCHEDULE C PAGE 3 OF 4 (PROPOSED RATES)

WITNESS. J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES:								
	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
REVENUES								
Gas Sales	\$ 2,640,586	\$ 9,770,599	\$ 10,745,241	\$ 727,065	\$ 2,883,805	\$ 6,609,865	\$ 3,698,730	\$ 1,985,390
Revenue Adjustment: Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Gas Sales	\$ 2,640,586	\$ 9,770,599	\$ 10,745,241	\$ 727,065	\$ 2,883,805	\$ 6,609,865	\$ 3,698,730	\$ 1,985,390
Other Operating Revenue	\$ 185,944	\$ 371,033	\$ 310,750	\$ 41,235	\$ 199,730	\$ 166,414	\$ 31,651	\$ 7,588
Total	\$ 2,826,530	\$ 10,141,632	\$ 11,055,991	\$ 768,300	\$ 3,083,535	\$ 6,776,279	\$ 3,730,380	\$ 1,992,978
EXPENSES								
Purchased Gas Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O&M Expenses	\$ 1,769,406	\$ 6,165,709	\$ 6,273,853	\$ 430,187	\$ 1,542,090	\$ 2,987,401	\$ 1,700,447	\$ 879,711
Depreciation Expenses	\$ 336,669	\$ 1,294,151	\$ 1,605,992	\$ 114,457	\$ 537,562	\$ 1,327,310	\$ 705,967	\$ 389,053
Amortization Expenses	\$ 2,857	\$ 13,165	\$ 17,352	\$ 1,478	\$ 8,318	\$ 22,248	\$ 12,244	\$ 6,716
Taxes Other Than Income—Fixed	\$ 75,484	\$ 289,451	\$ 358,555	\$ 25,491	\$ 119,473	\$ 294,435	\$ 158,507	\$ 86,245
Taxes Other Than Income—Revenue	\$ 23,188	\$ 85,246	\$ 93,573	\$ 6,367	\$ 25,320	\$ 57,515	\$ 32,076	\$ 17,201
Total Expenses excluding Income Taxes	\$ 2,207,805	\$ 7,847,721	\$ 8,349,325	\$ 577,980	\$ 2,232,763	\$ 4,688,910	\$ 2,607,240	\$ 1,378,927
PRE TAX NOI	\$ 618,925	\$ 2,293,911	\$ 2,706,667	\$ 190,320	\$ 850,772	\$ 2,087,370	\$ 1,123,140	\$ 614,051
INCOME TAXES	\$ 209,111	\$ 747,088	\$ 805,713	\$ 55,891	\$ 220,020	\$ 477,373	\$ 263,892	\$ 140,409
NET OPERATING INCOME:	\$ 409,814	\$ 1,546,823	\$ 1,900,954	\$ 134,428	\$ 630,152	\$ 1,609,997	\$ 859,248	\$ 473,642
RATE BASE	\$ 5,057,592	\$ 19,107,221	\$ 23,476,562	\$ 1,859,936	\$ 7,781,520	\$ 19,878,862	\$ 10,610,755	\$ 5,849,420
RATE OF RETURN	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR. 09/30/04

WITNESS J.HOUSEHOLDER

RATE OF RETURN BY CUSTOMER CLASS
 SCHEDULE C PAGE 4 OF 4 (PROPOSED RATES)

	SALES & TRANSPORTATION SERVICES							
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	TOTAL SALES & TRANSPORTATION
REVENUES:								
Gas Sales	\$ 2,002,995	\$ 2,729,964	\$ 2,538,271	\$ 25,606	\$ 2,640	\$ 489,000	\$ 198,787	\$ 47,048,545
Revenue Adjustment Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Gas Sales	\$ 2,002,995	\$ 2,729,964	\$ 2,538,271	\$ 25,606	\$ 2,640	\$ 489,000	\$ 198,787	\$ 47,048,545
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,314,344
Total	\$ 2,002,995	\$ 2,729,964	\$ 2,538,271	\$ 25,606	\$ 2,640	\$ 489,000	\$ 198,787	\$ 48,362,889
EXPENSES:								
Purchased Gas Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O&M Expenses	\$ 615,177	\$ 731,596	\$ 902,424	\$ 27,722	\$ 1,991	\$ 24,522	\$ 191,219	\$ 24,243,455
Depreciation Expenses	\$ 501,902	\$ 726,534	\$ 606,601	\$ 7,214	\$ 564	\$ 116,013	\$ -	\$ 8,269,989
Amortization Expenses	\$ 8,997	\$ 13,102	\$ 13,962	\$ 91	\$ 12	\$ 4,786	\$ -	\$ 125,328
Taxes Other Than Income--Fixed	\$ 111,233	\$ 160,805	\$ 133,269	\$ 1,610	\$ 126	\$ 47,079	\$ -	\$ 1,859,762
Taxes Other Than Income--Revenue	\$ 17,335	\$ 23,507	\$ 21,866	\$ 400	\$ 31	\$ 4,175	\$ 1,809	\$ 409,610
Total Expenses excluding Income Taxes	\$ 1,254,644	\$ 1,655,544	\$ 1,678,123	\$ 37,038	\$ 2,722	\$ 196,576	\$ 193,027	\$ 34,908,144
PRE TAX NOI	\$ 748,352	\$ 1,074,420	\$ 860,149	\$ (11,432)	\$ (82)	\$ 292,424	\$ 5,760	\$ 13,454,745
INCOME TAXES	\$ 135,755	\$ 182,995	\$ 173,707	\$ 1,708	\$ 184	\$ 27,332	\$ 15,849	\$ 3,457,627
NET OPERATING INCOME	\$ 612,596	\$ 891,424	\$ 686,442	\$ (13,140)	\$ (267)	\$ 265,093	\$ (10,089)	\$ 9,997,118
RATE BASE	\$ 7,556,954	\$ 10,819,967	\$ 8,316,722	\$ 104,157	\$ 8,244	\$ 3,186,890	\$ 7,000	\$ 123,421,803
RATE OF RETURN	8.11%	8.24%	8.25%	-12.62%	-3.24%	8.32%	-144.13%	8.10%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 09/30/04

COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC.
DOCKET NO 030569-GU

DERIVATION OF REVENUE DEFICIENCY
SCHEDULE D (PAGE 1 OF 2)

WITNESS: J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES

	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
CUSTOMER COSTS	\$ 2,076,389	\$ 6,526,792	\$ 6,570,870	\$ 295,537	\$ 771,250	\$ 807,014	\$ 240,434	\$ 129,141
CAPACITY COSTS	\$ 308,282	\$ 2,180,013	\$ 2,925,299	\$ 338,055	\$ 1,689,133	\$ 4,858,699	\$ 2,812,010	\$ 1,505,317
COMMODITY COSTS	\$ 28,039	\$ 195,540	\$ 285,785	\$ 29,964	\$ 194,589	\$ 549,319	\$ 308,412	\$ 168,826
REVENUE COSTS	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
TOTAL	\$ 2,432,833	\$ 8,976,593	\$ 9,863,537	\$ 669,090	\$ 2,656,948	\$ 6,065,199	\$ 3,388,886	\$ 1,818,324
less: REVENUE AT PRESENT RATES (in the projected test year)	\$ 2,240,400	\$ 7,547,808	\$ 8,318,969	\$ 620,072	\$ 2,331,806	\$ 5,383,596	\$ 2,847,601	\$ 1,530,497
less: REVENUE ADJUSTMENT	\$ (12,187)	\$ (41,058)	\$ (45,253)	\$ (3,373)	\$ (12,685)	\$ (29,286)	\$ (15,490)	\$ (8,326)
equals: REVENUE AT PRESENT RATES	\$ 2,228,213	\$ 7,506,750	\$ 8,273,716	\$ 616,699	\$ 2,319,121	\$ 5,354,310	\$ 2,832,111	\$ 1,522,171
equals GAS SALES RETURN (NOI) DEFICIENCY	\$ 204,620	\$ 1,469,843	\$ 1,589,821	\$ 52,390	\$ 337,827	\$ 710,889	\$ 556,775	\$ 296,153
plus: DEFICIENCY DUE TO REVENUE EXPANSION								
REGULATORY ASSESSMENT	\$ 1,677	\$ 12,045	\$ 13,028	\$ 429	\$ 2,768	\$ 5,825	\$ 4,563	\$ 2,427
BAD DEBT	\$ 5,604	\$ 40,259	\$ 43,545	\$ 1,435	\$ 9,253	\$ 19,471	\$ 15,250	\$ 8,112
STATE INCOME TAX	\$ 18,044	\$ 129,615	\$ 140,195	\$ 4,620	\$ 29,791	\$ 62,688	\$ 49,098	\$ 26,116
FEDERAL INCOME TAX	\$ 105,408	\$ 757,174	\$ 818,980	\$ 26,988	\$ 174,028	\$ 366,207	\$ 286,817	\$ 152,560
plus: DEFICIENCY IN OTHER OPERATING REV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
equals TOTAL REVENUE DEFICIENCY	\$ 335,353	\$ 2,408,936	\$ 2,605,569	\$ 85,863	\$ 553,667	\$ 1,165,081	\$ 912,503	\$ 485,368

UNIT COSTS:

Customer	\$ 10.70	\$ 15.96	\$ 20.67	\$ 22.80	\$ 35.83	\$ 46.41	\$ 77.41	\$ 173.11
Capacity	\$ 0.33733	\$ 0.38129	\$ 0.34892	\$ 0.34326	\$ 0.27949	\$ 0.27261	\$ 0.31205	\$ 0.30460
Commodity	\$ 0.03068	\$ 0.03420	\$ 0.03409	\$ 0.03042	\$ 0.03258	\$ 0.03214	\$ 0.03423	\$ 0.03416

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO: 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04

WITNESS J HOUSEHOLDER

DERIVATION OF REVENUE DEFICIENCY
 SCHEDULE D (PAGE 2 OF 2)

	SALES & TRANSPORTATION SERVICES							TOTAL SALES & TRANSPORTATION
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	
CUSTOMER COSTS	\$ 104,993	\$ 82,165	\$ 49,947	\$ 29,455	\$ 1,628	\$ 34,921	\$ 191,042	\$ 17,911,580
CAPACITY COSTS	\$ 1,482,424	\$ 2,035,612	\$ 1,790,635	\$ 13,412	\$ 1,374	\$ 397,811	\$ -	\$ 22,118,075
COMMODITY COSTS	\$ 230,578	\$ 345,811	\$ 451,175	\$ 1,778	\$ 321	\$ 4,323	\$ -	\$ 2,794,458
REVENUE COSTS	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$ 357,163
TOTAL	\$ 1,833,157	\$ 2,484,136	\$ 2,310,870	\$ 45,017	\$ 3,351	\$ 440,700	\$ 192,635	\$ 43,181,276
less REVENUE AT PRESENT RATES (in the projected test year)	\$ 1,571,500	\$ 2,106,615	\$ 1,939,695	\$ 25,448	\$ 2,640	\$ 489,627	\$ -	\$ 36,957,273
less. REVENUE ADJUSTMENT	\$ (8,549)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (176,207)
equals REVENUE AT PRESENT RATES	\$ 1,562,951	\$ 2,106,615	\$ 1,939,695	\$ 25,448	\$ 2,640	\$ 489,627	\$ -	\$ 36,781,066
equals: GAS SALES RETURN (NOI) DEFICIENCY	\$ 270,206	\$ 377,521	\$ 371,175	\$ 18,569	\$ 711	\$ (48,927)	\$ 192,635	\$ 6,400,210
plus DEFICIENCY DUE TO REVENUE EXPANSION								
REGULATORY ASSESSMENT	\$ 2,214	\$ 3,094	\$ 3,042	\$ 152	\$ 6	\$ (401)	\$ 1,579	\$ 52,447
BAD DEBT	\$ 7,401	\$ 10,340	\$ 10,166	\$ 509	\$ 19	\$ (1,340)	\$ 5,276	\$ 175,300
STATE INCOME TAX	\$ 23,828	\$ 33,291	\$ 32,731	\$ 1,637	\$ 63	\$ (4,315)	\$ 16,987	\$ 564,390
FEDERAL INCOME TAX	\$ 139,194	\$ 194,476	\$ 191,207	\$ 9,566	\$ 366	\$ (25,204)	\$ 99,234	\$ 3,297,000
plus DEFICIENCY IN OTHER OPERATING REV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
equals TOTAL REVENUE DEFICIENCY	\$ 442,842	\$ 618,721	\$ 608,322	\$ 30,433	\$ 1,166	\$ (80,187)	\$ 315,712	\$ 10,489,347

UNIT COSTS								
Customer	\$ 219.07	\$ 287.46	\$ 441.82	\$ 16.73	\$ 61.47	\$ 2,400.46	\$ 20.61	\$ 14.66
Capacity	\$ 0.21524	\$ 0.19826	\$ 0.13519	\$ 0.34095	\$ 0.15565	\$ 0.04850	\$ -	\$ 0.19908
Commodity	\$ 0.03348	\$ 0.03368	\$ 0.03406	\$ 0.04519	\$ 0.03634	\$ 0.00053	\$ -	\$ 0.02515

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY (SUMMARY PAGE 1 OF 2)

TYPE OF DATA SHOWN.
PROJECTED TEST YEAR 09/30/01

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC
DOCKET NO: 030569-GU

WITNESS J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES

SUMMARY	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
Rate Base	\$ 5,057,592	\$ 19,107,221	\$ 23,476,562	\$ 1,659,936	\$ 7,781,520	\$ 19,878,862	\$ 10,610,755	\$ 5,849,420
O&M	\$ 1,759,161	\$ 6,128,949	\$ 6,233,778	\$ 427,402	\$ 1,530,913	\$ 2,962,840	\$ 1,666,926	\$ 872,487
DEPRECIATION	\$ 336,669	\$ 1,294,151	\$ 1,605,992	\$ 114,457	\$ 537,562	\$ 1,327,310	\$ 705,967	\$ 389,053
AMORTIZATION EXPENSES	\$ 2,857	\$ 13,165	\$ 17,352	\$ 1,478	\$ 8,318	\$ 22,248	\$ 12,244	\$ 6,716
TAXES OTHER THAN INCOME - OTHER	\$ 75,484	\$ 289,451	\$ 358,555	\$ 25,491	\$ 119,473	\$ 294,435	\$ 156,507	\$ 86,245
TAXES OTHER THAN INCOME - REV RELATED	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
INCOME TAXES TOTAL	\$ (16,564)	\$ (62,540)	\$ (77,020)	\$ (5,451)	\$ (25,575)	\$ (63,859)	\$ (33,949)	\$ (18,714)
REVENUE CREDITED TO COS.	\$ (154,562)	\$ (308,414)	\$ (258,305)	\$ (34,276)	\$ (166,022)	\$ (138,329)	\$ (26,309)	\$ (6,308)
TOTAL COST - CUSTOMER	\$ 2,076,389	\$ 6,526,792	\$ 6,570,870	\$ 295,537	\$ 771,250	\$ 807,014	\$ 240,434	\$ 129,141
TOTAL COST - CAPACITY	\$ 308,282	\$ 2,180,013	\$ 2,925,299	\$ 338,055	\$ 1,669,133	\$ 4,658,699	\$ 2,812,010	\$ 1,505,317
TOTAL COST - COMMODITY	\$ 28,039	\$ 195,540	\$ 285,785	\$ 29,964	\$ 194,589	\$ 549,319	\$ 308,412	\$ 168,826
TOTAL COST - REVENUE	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
NO. OF CUSTOMERS SALES	18,506	43,569	33,741	1,199	1,850	728	92	12
NO OF CUSTOMERS- TRANSPORTATION	43	10	27	30	536	1,014	239	67
Peak & Avg Mon Sales Vol.(therms)	207,066	1,446,996	2,383,814	227,727	1,296,143	3,712,361	2,062,845	1,141,142
ANNUAL SALES	1,048,530	7,312,260	10,686,950	1,120,500	7,276,670	20,541,884	11,533,090	6,313,260

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY (SUMMARY PAGE 2 OF 2)

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 09/30/01

COMPANY: CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC
DOCKET NO 030569-GU

WITNESS J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES

SUMMARY	SALES & TRANSPORTATION SERVICES								TOTAL SALES & TRANSPORTATION
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER		
Rate Base	\$ 7,556,954	\$ 10,819,967	\$ 8,316,722	\$ 104,157	\$ 8,244	\$ 3,186,890	\$ 7,000	\$	\$ 123,421,803
O&M	\$ 607,917	\$ 721,701	\$ 893,224	\$ 27,629	\$ 1,981	\$ 22,750	\$ 190,498	\$	\$ 24,068,155
DEPRECIATION	\$ 501,902	\$ 726,534	\$ 606,601	\$ 7,214	\$ 564	\$ 116,013	\$	\$	\$ 8,269,989
AMORTIZATION EXPENSES	\$ 8,997	\$ 13,102	\$ 13,962	\$ 91	\$ 12	\$ 4,786	\$	\$	\$ 125,328
TAXES OTHER THAN INCOME - OTHER	\$ 111,233	\$ 160,805	\$ 133,269	\$ 1,610	\$ 126	\$ 47,079	\$	\$	\$ 1,859,762
TAXES OTHER THAN INCOME - REV. RELATED	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$	\$ 357,163
INCOME TAXES TOTAL	\$ (24,168)	\$ (34,970)	\$ (28,954)	\$ (337)	\$ (27)	\$ (11,711)	\$ (23)	\$	\$ (403,763)
REVENUE CREDITED TO COS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	\$ (1,092,524)
TOTAL COST - CUSTOMER	\$ 104,993	\$ 82,165	\$ 49,947	\$ 29,455	\$ 1,628	\$ 34,921	\$ 191,042	\$	\$ 17,911,580
TOTAL COST - CAPACITY	\$ 1,482,424	\$ 2,035,612	\$ 1,790,635	\$ 13,412	\$ 1,374	\$ 397,811	\$	\$	\$ 22,118,075
TOTAL COST - COMMODITY	\$ 230,578	\$ 345,811	\$ 451,175	\$ 1,778	\$ 321	\$ 4,323	\$	\$	\$ 2,794,458
TOTAL COST - REVENUE	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$	\$ 357,163
NO OF CUSTOMERS SALES	6	-	-	248	-	-	-	-	99,752
NO OF CUSTOMERS TRANSPORTATION	44	30	12	-	3	1	-	-	2,055
Peak & Avg Mon Sales Vol (thems)	1,498,235	2,070,213	1,041,464	11,080	1,118	-	-	-	17,100,204
ANNUAL SALES	8,622,485	12,931,652	16,871,740	66,480	12,000	6,766,180	-	-	111,103,661

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY (SUMMARY PAGE 1 OF 2)

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04

WITNESS. J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES

SUMMARY	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
RATE BASE	\$ 5,057,592	\$ 19,107,221	\$ 23,476,562	\$ 1,659,936	\$ 7,781,520	\$ 19,878,862	\$ 10,610,755	\$ 5,849,420
O&M	\$ 1,759,161	\$ 6,128,949	\$ 6,233,778	\$ 427,402	\$ 1,530,913	\$ 2,962,840	\$ 1,686,926	\$ 872,487
DEPRECIATION	\$ 336,669	\$ 1,294,151	\$ 1,805,992	\$ 114,457	\$ 537,562	\$ 1,327,310	\$ 705,967	\$ 389,053
AMORTIZATION EXPENSES	\$ 2,857	\$ 13,165	\$ 17,352	\$ 1,478	\$ 8,318	\$ 22,248	\$ 12,244	\$ 6,716
TAXES OTHER THAN INCOME - OTHER	\$ 75,484	\$ 289,451	\$ 358,555	\$ 25,491	\$ 119,473	\$ 294,435	\$ 156,507	\$ 86,245
TAXES OTHER THAN INCOME - REV RELATED	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
INCOME TAXES TOTAL	\$ (16,564)	\$ (62,640)	\$ (77,020)	\$ (5,451)	\$ (25,575)	\$ (63,659)	\$ (33,949)	\$ (18,714)
REVENUE CREDITED TO COS	\$ (154,562)	\$ (308,414)	\$ (258,305)	\$ (34,276)	\$ (166,022)	\$ (138,329)	\$ (26,309)	\$ (6,308)
TOTAL COST - CUSTOMER	\$ 2,076,389	\$ 6,526,792	\$ 6,570,870	\$ 295,537	\$ 771,250	\$ 807,014	\$ 240,434	\$ 129,141
TOTAL COST - CAPACITY	\$ 308,282	\$ 2,180,013	\$ 2,925,299	\$ 338,055	\$ 1,669,133	\$ 4,858,699	\$ 2,812,010	\$ 1,505,317
TOTAL COST - COMMODITY	\$ 28,039	\$ 195,540	\$ 285,785	\$ 29,964	\$ 194,589	\$ 549,319	\$ 308,412	\$ 168,826
TOTAL COST - REVENUE	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
NO OF CUSTOMERS SALES	18,506	43,569	33,741	1,199	1,650	728	92	12
NO OF CUSTOMERS TRANSPORTATION	43	10	27	30	536	1,014	239	67
Peak & Avg Mon Sales Vol (therms)	207,066	1,446,996	2,383,814	227,727	1,296,143	3,712,361	2,062,845	1,141,142
ANNUAL SALES (therms)	1,048,530	7,312,260	10,686,950	1,120,500	7,276,670	20,541,864	11,533,090	6,313,260

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY (SUMMARY PAGE 2 OF 2)

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 09/30/04

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC
DOCKET NO 030569-GU

WITNESS J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES

SUMMARY	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	TOTAL SALES & TRANSPORTATION
RATE BASE	\$ 7,556,954	\$ 10,819,967	\$ 8,316,722	\$ 104,157	\$ 8,244	\$ 3,186,890	\$ 7,000	\$ 123,421,803
O&M	\$ 607,917	\$ 721,701	\$ 893,224	\$ 27,629	\$ 1,981	\$ 22,750	\$ 190,498	\$ 24,068,155
DEPRECIATION	\$ 501,902	\$ 726,534	\$ 606,601	\$ 7,214	\$ 564	\$ 116,013	\$ -	\$ 8,269,989
AMORTIZATION EXPENSES	\$ 8,997	\$ 13,102	\$ 13,952	\$ 91	\$ 12	\$ 4,786	\$ -	\$ 125,328
TAXES OTHER THAN INCOME - OTHER	\$ 111,233	\$ 160,805	\$ 133,269	\$ 1,610	\$ 126	\$ 47,079	\$ -	\$ 1,859,762
TAXES OTHER THAN INCOME - REV RELATED	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$ 357,163
INCOME TAXES TOTAL	\$ (24,168)	\$ (34,970)	\$ (28,954)	\$ (337)	\$ (27)	\$ (11,711)	\$ (23)	\$ (403,763)
REVENUE CREDITED TO COS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,092,524)
TOTAL COST - CUSTOMER	\$ 104,993	\$ 82,165	\$ 49,947	\$ 29,455	\$ 1,628	\$ 34,921	\$ 191,042	\$ 17,911,580
TOTAL COST - CAPACITY	\$ 1,482,424	\$ 2,035,612	\$ 1,790,635	\$ 13,412	\$ 1,374	\$ 397,811	\$ -	\$ 22,118,075
TOTAL COST - COMMODITY	\$ 230,578	\$ 345,811	\$ 451,175	\$ 1,778	\$ 321	\$ 4,323	\$ -	\$ 2,794,458
TOTAL COST - REVENUE	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$ 357,163
NO OF CUSTOMERS SALES	6	0	0	248	0	0	0	99,752
NO OF CUSTOMERS TRANSPORTATION	44	30	12	0	3	1	0	2,055
Peak & Avg Mon Sales Vol (therms)	1,498,235	2,070,213	1,041,464	11,080	1,118	0	0	17,100,204
ANNUAL SALES (therms)	8,622,465	12,931,652	16,871,740	66,480	12,000	6,766,180	0	111,103,661

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUJ UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN:
 PROJECTED TEST YEAR 09/30/04

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES
 SCHEDULE E (PAGE 1 OF 4)

WITNESS J HOUSEHOLDER

OPERATIONS AND MAINTENANCE EXP DIRECT AND SPECIAL ASSIGNMENTS	SALES & TRANSPORTATION SERVICES							
	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
Customer								
878 Meters and House Regulators	\$ 81,295	\$ 187,206	\$ 188,580	\$ 9,139	\$ 26,073	\$ 26,302	\$ 7,421	\$ 3,768
893 Maint of Meters & House Reg.	\$ 22,269	\$ 68,015	\$ 68,514	\$ 3,320	\$ 9,473	\$ 9,556	\$ 2,696	\$ 1,369
874 Mains & Services	\$ 57,850	\$ 176,683	\$ 177,980	\$ 8,825	\$ 24,607	\$ 24,823	\$ 7,004	\$ 3,557
892 Maint of Services	\$ 18,382	\$ 56,142	\$ 56,554	\$ 2,741	\$ 7,819	\$ 7,888	\$ 2,226	\$ 1,130
All Other	\$ 1,423,746	\$ 4,388,346	\$ 4,380,250	\$ 212,275	\$ 605,605	\$ 610,924	\$ 172,382	\$ 87,533
Total	\$ 1,583,543	\$ 4,876,392	\$ 4,871,877	\$ 236,100	\$ 673,577	\$ 679,493	\$ 191,730	\$ 97,358
Capacity								
876 Measuring & Reg Sta Eq - 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
890 Maint of Meas & Reg Sta Eq - 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
874 Mains and Services	\$ 17,273	\$ 145,703	\$ 198,848	\$ 18,996	\$ 138,119	\$ 309,670	\$ 212,074	\$ 95,189
874 Mains and Services LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
887 Maint of Mains	\$ 6,869	\$ 48,003	\$ 79,082	\$ 7,555	\$ 42,999	\$ 123,156	\$ 68,434	\$ 37,857
887 Maint of Mains LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$ 124,107	\$ 867,982	\$ 805,016	\$ 135,503	\$ 486,279	\$ 1,314,327	\$ 913,645	\$ 477,291
All Other LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 148,249	\$ 1,061,688	\$ 1,082,945	\$ 162,054	\$ 667,397	\$ 1,747,152	\$ 1,194,153	\$ 610,337
Commodity								
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$ 27,369	\$ 190,868	\$ 278,956	\$ 29,248	\$ 189,939	\$ 536,195	\$ 301,043	\$ 164,792
Total	\$ 27,369	\$ 190,868	\$ 278,956	\$ 29,248	\$ 189,939	\$ 536,195	\$ 301,043	\$ 164,792
TOTAL O&M	\$ 1,759,161	\$ 6,128,949	\$ 6,233,778	\$ 427,402	\$ 1,530,913	\$ 2,962,840	\$ 1,688,926	\$ 872,487
DEPRECIATION EXPENSE								
Customer	\$ 269,075	\$ 821,798	\$ 827,828	\$ 40,118	\$ 114,454	\$ 115,459	\$ 32,579	\$ 16,543
Capacity	\$ 67,594	\$ 472,353	\$ 778,164	\$ 74,339	\$ 423,108	\$ 1,211,851	\$ 673,388	\$ 372,510
Capacity LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 336,669	\$ 1,294,151	\$ 1,605,992	\$ 114,457	\$ 537,562	\$ 1,327,310	\$ 705,967	\$ 389,053
AMORT OF GAS PLANT								
Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AMORT OF PROPERTY LOSS:								
Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AMORT OF LIMITED TERM INVEST								
Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AMORT OF ACQUISITION ADJ								
Customer	\$ 1,727	\$ 5,273	\$ 5,312	\$ 257	\$ 734	\$ 741	\$ 209	\$ 106
Capacity	\$ 389	\$ 2,720	\$ 4,480	\$ 428	\$ 2,436	\$ 6,977	\$ 3,877	\$ 2,145
Total	\$ 2,116	\$ 7,993	\$ 9,792	\$ 685	\$ 3,170	\$ 7,718	\$ 4,086	\$ 2,251
AMORT OF CONVERSION COSTS								
Commodity	\$ 742	\$ 5,172	\$ 7,559	\$ 793	\$ 5,147	\$ 14,530	\$ 8,158	\$ 4,486

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO- 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN.
 PROJECTED TEST YEAR 09/30/04

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES
 SCHEDULE E (PAGE 2 OF 4)

WITNESS J HOUSEHOLDER

OPERATIONS AND MAINTENANCE EXP DIRECT AND SPECIAL ASSIGNMENTS:	SALES & TRANSPORTATION SERVICES							TOTAL SALES & TRANSPORTATION
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	
Customer								
878 Meters and House Regulators	\$ 2,921	\$ 2,286	\$ 2,503	\$ 820	\$ 45	\$ -	\$ -	\$ 518,359
893 Maint of Meters & House Reg	\$ 1,061	\$ 831	\$ 909	\$ 298	\$ 16	\$ -	\$ -	\$ 188,327
874 Mains & Services	\$ 2,757	\$ 2,158	\$ 2,362	\$ 773	\$ 43	\$ -	\$ -	\$ 489,223
892 Maint of Services	\$ 876	\$ 686	\$ 750	\$ 246	\$ 14	\$ -	\$ -	\$ 155,452
All Other	\$ 67,851	\$ 53,099	\$ 18,128	\$ 19,035	\$ 1,052	\$ -	\$ 190,498	\$ 12,230,726
Total	\$ 75,467	\$ 59,059	\$ 24,852	\$ 21,172	\$ 1,170	\$ -	\$ 190,498	\$ 13,582,086
Capacity								
876 Measuring & Reg Sta Eq - I	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
890 Maint of Meas & Reg Sta Eq -I	\$ 27,856	\$ 38,491	\$ 19,364	\$ -	\$ 21	\$ -	\$ -	\$ 85,731
874 Mains and Services	\$ 114,977	\$ 147,889	\$ 26,875	\$ 924	\$ 93	\$ -	\$ -	\$ 1,426,429
874 Mains and Services LV	\$ -	\$ 9,816	\$ 61,649	\$ -	\$ -	\$ -	\$ -	\$ 71,465
887 Maint of Mains	\$ 49,703	\$ 68,678	\$ 34,550	\$ 388	\$ 37	\$ -	\$ -	\$ 567,291
887 Maint of Mains LV	\$ -	\$ 3,904	\$ 24,518	\$ -	\$ -	\$ -	\$ -	\$ 28,422
All Other	\$ 114,845	\$ 19,927	\$ 31,431	\$ 3,430	\$ 346	\$ -	\$ -	\$ 5,294,129
All Other LV	\$ -	\$ 36,589	\$ 229,790	\$ -	\$ -	\$ 22,750	\$ -	\$ 289,129
Total	\$ 307,381	\$ 325,093	\$ 428,177	\$ 4,722	\$ 497	\$ 22,750	\$ -	\$ 7,762,597
Commodity								
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$ 225,069	\$ 337,549	\$ 440,395	\$ 1,735	\$ 313	\$ -	\$ -	\$ 2,723,472
Total	\$ 225,069	\$ 337,549	\$ 440,395	\$ 1,735	\$ 313	\$ -	\$ -	\$ 2,723,472
TOTAL O&M	\$ 607,817	\$ 721,701	\$ 893,224	\$ 27,629	\$ 1,981	\$ 22,750	\$ 190,498	\$ 24,068,155
DEPRECIATION EXPENSE								
Customer	\$ 12,823	\$ 10,035	\$ 10,986	\$ 3,597	\$ 199	\$ -	\$ -	\$ 2,275,494
Capacity	\$ 489,079	\$ 675,793	\$ 339,972	\$ 3,617	\$ 365	\$ -	\$ -	\$ 5,582,132
Capacity LV	\$ -	\$ 40,706	\$ 255,644	\$ -	\$ -	\$ 116,013	\$ -	\$ 412,362
Total	\$ 501,902	\$ 726,534	\$ 606,601	\$ 7,214	\$ 564	\$ 116,013	\$ -	\$ 8,269,989
AMORT OF GAS PLANT								
Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AMORT OF PROPERTY LOSS								
Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AMORT OF LIMITED TERM INVEST								
Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AMORT OF ACQUISITION ADJ								
Customer	\$ 82	\$ 64	\$ 70	\$ 23	\$ 1	\$ -	\$ -	\$ 14,602
Capacity	\$ 2,816	\$ 3,891	\$ 1,957	\$ 21	\$ 2	\$ -	\$ -	\$ 32,138
Total	\$ 2,898	\$ 3,955	\$ 2,028	\$ 44	\$ 3	\$ -	\$ -	\$ 46,740
AMORT. OF CONVERSION COSTS								
Commodity	\$ 6,099	\$ 9,147	\$ 11,934	\$ 47	\$ 8	\$ 4,786	\$ -	\$ 78,588

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES
 SCHEDULE E (PAGE 3 OF 4)

WITNESS J HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES							
	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-8000	GS-25000	GS-60000
TAXES OTHER THAN INCOME TAXES								
Customer	\$ 60,510	\$ 184,807	\$ 186,163	\$ 9,022	\$ 25,738	\$ 25,965	\$ 7,326	\$ 3,720
Capacity	\$ 14,975	\$ 104,844	\$ 172,393	\$ 16,469	\$ 93,734	\$ 268,470	\$ 149,181	\$ 82,525
Capacity LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 75,484	\$ 289,451	\$ 358,556	\$ 25,491	\$ 119,473	\$ 294,435	\$ 156,507	\$ 86,245
Revenue	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
Total	\$ 95,607	\$ 363,698	\$ 440,139	\$ 31,025	\$ 141,449	\$ 344,602	\$ 184,537	\$ 101,285
RETURN (NOI)								
Customer	\$ 329,401	\$ 986,790	\$ 977,475	\$ 46,179	\$ 127,935	\$ 128,891	\$ 36,369	\$ 18,467
Capacity	\$ 80,339	\$ 561,416	\$ 924,889	\$ 88,355	\$ 502,887	\$ 1,482,762	\$ 823,925	\$ 455,786
Capacity LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commodity	\$ (75)	\$ (521)	\$ (762)	\$ (80)	\$ (519)	\$ (1,465)	\$ (822)	\$ (450)
Total	\$ 409,665	\$ 1,547,685	\$ 1,901,602	\$ 134,455	\$ 630,303	\$ 1,610,188	\$ 859,471	\$ 473,803
INCOME TAXES								
Customer	\$ (13,304)	\$ (39,854)	\$ (39,478)	\$ (1,865)	\$ (5,167)	\$ (5,206)	\$ (1,469)	\$ (746)
Capacity	\$ (3,264)	\$ (22,807)	\$ (37,573)	\$ (3,589)	\$ (20,429)	\$ (58,513)	\$ (32,514)	\$ (17,986)
Capacity LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commodity	\$ 3	\$ 21	\$ 31	\$ 3	\$ 21	\$ 59	\$ 33	\$ 18
Total	\$ (16,564)	\$ (62,640)	\$ (77,020)	\$ (5,451)	\$ (25,575)	\$ (63,659)	\$ (33,949)	\$ (18,714)
REVENUE CREDITED TO COS								
Customer	\$ (154,562)	\$ (308,414)	\$ (258,305)	\$ (34,276)	\$ (166,022)	\$ (138,329)	\$ (26,309)	\$ (6,308)
TOTAL COST OF SERVICE								
Customer	\$ 2,076,389	\$ 6,526,792	\$ 6,570,870	\$ 295,537	\$ 771,250	\$ 807,014	\$ 240,434	\$ 129,141
Capacity	\$ 308,282	\$ 2,180,013	\$ 2,925,299	\$ 338,055	\$ 1,669,133	\$ 4,658,699	\$ 2,812,010	\$ 1,505,317
Capacity LV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commodity	\$ 28,039	\$ 195,540	\$ 285,785	\$ 29,964	\$ 194,589	\$ 549,319	\$ 308,412	\$ 188,826
Subtotal	\$ 2,412,710	\$ 8,902,346	\$ 9,781,953	\$ 663,555	\$ 2,634,972	\$ 6,015,032	\$ 3,360,856	\$ 1,803,284
Revenue	\$ 20,123	\$ 74,248	\$ 81,584	\$ 5,534	\$ 21,976	\$ 50,167	\$ 28,030	\$ 15,040
Total	\$ 2,432,833	\$ 8,976,593	\$ 9,863,537	\$ 669,090	\$ 2,656,948	\$ 6,065,199	\$ 3,388,886	\$ 1,818,324

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES
 SCHEDULE E (PAGE 4 OF 4)

WITNESS J HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES							TOTAL SALES & TRANSPORTATION
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	
TAXES OTHER THAN INCOME TAXES								
Customer	\$ 2,884	\$ 2,257	\$ 2,470	\$ 809	\$ 45	\$ -	\$ -	\$ 511,715
Capacity	\$ 108,349	\$ 149,714	\$ 75,317	\$ 801	\$ 81	\$ -	\$ -	\$ 1,236,652
Capacity LV	\$ -	\$ 8,834	\$ 55,482	\$ -	\$ -	\$ 47,079	\$ -	\$ 111,395
Subtotal	\$ 111,233	\$ 160,805	\$ 133,269	\$ 1,610	\$ 126	\$ 47,079	\$ -	\$ 1,859,762
Revenue	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$ 357,163
Total	\$ 126,396	\$ 181,351	\$ 152,382	\$ 1,983	\$ 153	\$ 50,724	\$ 1,593	\$ 2,216,925
RETURN (NOI)								
Customer	\$ 14,315	\$ 11,203	\$ 12,264	\$ 4,016	\$ 222	\$ 36,391	\$ 567	\$ 2,730,485
Capacity	\$ 598,413	\$ 826,868	\$ 415,973	\$ 4,425	\$ 447	\$ 12,960	\$ -	\$ 5,779,444
Capacity LV	\$ -	\$ 39,269	\$ 246,621	\$ -	\$ -	\$ 209,269	\$ -	\$ 495,159
Commodity	\$ (815)	\$ (922)	\$ (1,203)	\$ (5)	\$ (1)	\$ (482)	\$ -	\$ (7,922)
Total	\$ 612,113	\$ 876,417	\$ 673,654	\$ 8,437	\$ 668	\$ 258,138	\$ 567	\$ 9,997,166
INCOME TAXES								
Customer	\$ (578)	\$ (452)	\$ (495)	\$ (162)	\$ (9)	\$ (1,470)	\$ (23)	\$ (110,278)
Capacity	\$ (23,615)	\$ (32,630)	\$ (16,415)	\$ (175)	\$ (18)	\$ -	\$ -	\$ (269,527)
Capacity LV	\$ -	\$ (1,925)	\$ (12,092)	\$ -	\$ -	\$ (10,261)	\$ -	\$ (24,278)
Commodity	\$ 25	\$ 37	\$ 49	\$ 0	\$ 0	\$ 19	\$ -	\$ 320
Total	\$ (24,168)	\$ (34,970)	\$ (28,954)	\$ (337)	\$ (27)	\$ (11,711)	\$ (23)	\$ (403,763)
REVENUE CREDITED TO COS								
Customer								\$ (1,092,524)
TOTAL COST OF SERVICE								
Customer	\$ 104,993	\$ 82,165	\$ 49,947	\$ 29,455	\$ 1,628	\$ 34,921	\$ 191,042	\$ 17,911,580
Capacity	\$ 1,482,424	\$ 1,898,420	\$ 929,023	\$ 13,412	\$ 1,374	\$ 12,960	\$ -	\$ 20,734,421
Capacity LV	\$ -	\$ 137,192	\$ 861,611	\$ -	\$ -	\$ 384,851	\$ -	\$ 1,383,654
Commodity	\$ 230,578	\$ 345,811	\$ 451,175	\$ 1,778	\$ 321	\$ 4,323	\$ -	\$ 2,794,458
Subtotal	\$ 1,817,994	\$ 2,463,589	\$ 2,291,756	\$ 44,645	\$ 3,324	\$ 437,055	\$ 191,042	\$ 42,824,113
Revenue	\$ 15,162	\$ 20,547	\$ 19,114	\$ 372	\$ 28	\$ 3,645	\$ 1,593	\$ 357,163
Total	\$ 1,833,157	\$ 2,484,136	\$ 2,310,870	\$ 45,017	\$ 3,351	\$ 440,700	\$ 192,635	\$ 43,181,276

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04

ALLOCATION OF RATE BASE TO CUSTOMER CLASSES
 SCHEDULE F (PAGE 1 OF 2)

WITNESS J HOUSEHOLDER

		SALES & TRANSPORTATION SERVICES							
RATE BASE BY CUSTOMER CLASS		GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
DIRECT AND SPECIAL ASSIGNMENTS									
Customer									
Meters	\$	903,908	\$ 2,760,678	\$ 2,780,933	\$ 134,769	\$ 384,487	\$ 387,864	\$ 109,442	\$ 55,573
House Regulators	\$	358,311	\$ 856,664	\$ 658,557	\$ 17,213	\$ 2,056			
Services	\$	2,134,183	\$ 6,518,136	\$ 6,565,959	\$ 318,199	\$ 907,798	\$ 915,770	\$ 258,399	\$ 131,211
All Other	\$	670,272	\$ 2,047,119	\$ 2,062,138	\$ 99,935	\$ 285,108	\$ 287,612	\$ 81,154	\$ 41,209
Total	\$	4,066,675	\$ 12,182,597	\$ 12,067,587	\$ 570,116	\$ 1,579,448	\$ 1,591,246	\$ 448,995	\$ 227,993
Capacity									
Industrial Meas & Reg Sta Eq	\$	-	\$ -	\$ -	\$ -	\$ -	\$ 523,620	\$ 290,960	\$ 160,956
Meas & Reg Sta Eq -Cen	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mains	\$	821,771	\$ 5,742,605	\$ 9,460,494	\$ 903,767	\$ 5,143,922	\$ 14,733,019	\$ 8,186,684	\$ 4,528,779
Mains Large Volume	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$	170,069	\$ 1,188,456	\$ 1,957,889	\$ 187,038	\$ 1,064,556	\$ 3,049,060	\$ 1,694,268	\$ 937,250
Total	\$	991,841	\$ 6,931,061	\$ 11,418,382	\$ 1,090,806	\$ 6,208,478	\$ 18,305,699	\$ 10,171,912	\$ 5,626,984
Commodity									
Account #	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$	(823)	\$ (6,437)	\$ (9,407)	\$ (986)	\$ (6,405)	\$ (18,082)	\$ (10,152)	\$ (5,557)
Total	\$	(923)	\$ (6,437)	\$ (9,407)	\$ (986)	\$ (6,405)	\$ (18,082)	\$ (10,152)	\$ (5,557)
TOTAL	\$	5,057,592	\$ 19,107,221	\$ 23,476,582	\$ 1,659,936	\$ 7,781,520	\$ 19,878,882	\$ 10,610,755	\$ 5,849,420

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030589-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04

ALLOCATION OF RATE BASE TO CUSTOMER CLASSES
 SCHEDULE F (PAGE 2 OF 2)

WITNESS J HOUSEHOLDER

RATE BASE BY CUSTOMER CLASS	SALES & TRANSPORTATION SERVICES							
	GS-120K	GS-280K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	TOTAL SALES & TRANSPORTATION
DIRECT AND SPECIAL ASSIGNMENTS								
Customer								
Meters	\$ 43,077	\$ 33,712	\$ 36,904	\$ 12,085	\$ 658	\$ -	\$ -	\$ 7,644,099
House Regulators								\$ 1,892,801
Services	\$ 101,709	\$ 79,595	\$ 87,133	\$ 28,534	\$ 1,577	\$ 449,272	\$ -	\$ 18,497,476
All Other	\$ 31,943	\$ 24,998	\$ 27,366	\$ 8,861	\$ 495	\$ -	\$ 7,000	\$ 6,675,311
Total	\$ 176,729	\$ 138,305	\$ 151,403	\$ 49,580	\$ 2,741	\$ 449,272	\$ 7,000	\$ 33,709,687
Capacity								
Industrial Meas & Reg Sta Eq	\$ 211,323	\$ 291,999	\$ 146,896	\$ 1,563	\$ 158	\$ 160,000	\$ -	\$ 1,787,474
Meas & Reg Sta Eq -Gen	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mains	\$ 5,945,953	\$ 8,215,927	\$ 4,133,193	\$ 43,973	\$ 4,438	\$ -	\$ -	\$ 67,864,523
Mains Large Volume	\$ -	\$ 484,800	\$ 3,044,700	\$ -	\$ -	\$ 2,583,574	\$ -	\$ 6,113,074
All Other	\$ 1,230,540	\$ 1,700,320	\$ 855,381	\$ 9,100	\$ 918	\$ -	\$ -	\$ 14,044,845
Total	\$ 7,387,815	\$ 10,693,046	\$ 8,180,170	\$ 54,636	\$ 5,514	\$ 2,743,574	\$ -	\$ 89,809,916
Commodity								
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Account #	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other	\$ (7,590)	\$ (11,383)	\$ (14,852)	\$ (59)	\$ (11)	\$ (5,956)	\$ -	\$ (97,800)
Total	\$ (7,590)	\$ (11,383)	\$ (14,852)	\$ (59)	\$ (11)	\$ (5,956)	\$ -	\$ (97,800)
TOTAL	\$ 7,556,954	\$ 10,819,967	\$ 8,318,722	\$ 104,157	\$ 8,244	\$ 3,186,890	\$ 7,000	\$ 123,421,803

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO. 030569-GU

EXPLANATION FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY
 DEVELOPMENT OF ALLOCATION FACTORS (PAGE 1 OF 2)

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04
 WITNESS J HOUSEHOLDER

SALES & TRANSPORTATION SERVICES

	GS-1	GS-100	GS-220	GS-600	GS-1200	GS-6000	GS-25000	GS-60000
CUSTOMER COSTS								
No of Customers RESIDENTIAL SALES	18,166	43,431	33,387	873	104			
No of Customers COMMERCIAL & INDUSTRIAL SALES	341	138	354	327	1,548	728	92	12
No of Customers TRANSPORTATION	43	10	27	30	535	1,014	239	57
No of Customers Total	18,549	43,579	33,768	1,229	2,186	1,742	331	79
Weighting	1.00	1.30	1.69	2.25	3.61	4.57	6.78	14.38
Weighted No of Customers	18,549	55,652	57,068	2,766	7,890	7,959	2,246	1,140
Allocation Factors	0.118249	0.361152	0.363801	0.017631	0.050299	0.050740	0.014317	0.007270
No. of Customers Total Annual Bills	222,591	522,945	405,217	14,750	26,228	20900	3,975	953
CAPACITY COSTS								
Peak & Avg Mon Sales Vol (therms)	207,066	1,446,996	2,383,814	227,727	1,296,143	3,712,361	2,062,845	1,141,142
DCQ's								2,072
Allocation Factors	0.012109	0.084819	0.139403	0.013317	0.075797	0.217095	0.120633	0.066733
Mains Allocation LV	0.012109	0.084819	0.139403	0.013317	0.075797	0.217095	0.120633	0.066733
COMMODITY COSTS								
Annual Sales Vol (therms)								
Residential	1,021,870	7,285,270	10,472,290	732,230	209,090	0	0	0
Commercial & Industrial Sales	25,350	25,630	203,580	357,570	5,046,640	8,170,505	3,653,540	781,690
Commercial & Industrial Transportator	1,310	1,360	11,080	30,700	2,020,940	12,371,359	7,879,550	5,531,570
Total Annual Sales Vol (therms)	1,048,530	7,312,260	10,686,950	1,120,500	7,276,670	20,541,864	11,533,090	6,313,260
Allocation Factors	0.009437	0.065815	0.096189	0.010085	0.065494	0.184889	0.103805	0.056823
REVENUE-RELATED COSTS								
Tax on Cust, Cap, & Commod	\$ 9,072	\$ 33,473	\$ 36,780	\$ 2,495	\$ 9,907	\$ 22,617	\$ 12,637	\$ 6,780
Allocation Factors	0.056340	0.207882	0.228422	0.015495	0.061530	0.140459	0.078480	0.042109
Peak								623930
Peak Capacity Percentage								54.68%

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION FULLY ALLOCATED EMBEDDED COST
OF SERVICE STUDY

TYPE OF DATA SHOWN

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC

PROJECTED TEST YEAR 09/30/04

DOCKET NO 030569-GU

DEVELOPMENT OF ALLOCATION FACTORS (PAGE 2 OF 2)

WITNESS J HOUSEHOLDER

	SALES & TRANSPORTATION SERVICES							TOTAL SALES & TRANSPORTATION
	GS-120K	GS-250K	GS-1250K	GAS LIGHTING	NATURAL GAS VEHICLES	CONTRACT DEMAND	THIRD PARTY SUPPLIER	
CUSTOMER COSTS								
No of Customers RESIDENTIAL SALES				248				96,209
No of Customers COMMERCIAL & INDUSTRIAL SALES	6	0	0		0			3,543
No of Customers TRANSPORTATION	44	30	12	0	3	1		2,055
No of Customers Total	50	30	12	248	3	1		101,807
Weighting	17.68	23.05	53.11	1.00	4.57	0.00		NA
Weighted No of Customers	884	692	757	248	14	0		156,866
Allocation Factors	0.005635	0.004410	0.004828	0.001581	0.000087	0.000000		1.00
No of Customers Total Annual Bills	812	360	126	2976	36	12		1,221,680
CAPACITY COSTS								
Peak & Avg Mon Sales Vol (therms)	1,498,235	2,070,213	1,041,464	11,080	1,118	0		17,100,204
DCQ's	8,740	9,853	8,372			8,836		
Allocation Factors	0.087615	0.121064	0.060904	0.000648	0.000065	0.000000		1.00
Mains Allocation LV	0.087615	0.121064	0.060904	0.000648	0.000065	0.000000		1.00
COMMODITY COSTS								
Annual Sales Vol (therms)								
Residential	0	0	0	66,480	0	0		19,787,230
Commercial & Industrial Sales	923,000	0	0	0	0	0		19,187,505
Commercial & Industrial Transportator	7,699,485	12,931,652	16,871,740	0	12,000	6,766,180		72,128,926
Total Annual Sales Vol (therms)	8,622,485	12,931,652	16,871,740	66,480	12,000	6,766,180		111,103,661
Allocation Factors	0.077608	0.116393	0.151856	0.000598	0.000108	0.060900		1.00
REVENUE-RELATED COSTS								
Tax on Cust, Cap, & Commod	\$ 6,836	\$ 9,263	\$ 8,617	\$ 168	\$ 12	\$ 1,643	\$ 718	\$ 161,019
Allocation Factors	0.042453	0.057528	0.053516	0.001043	0.000078	0.010206	0.004461	1.00
Peak	767920	997559	512374	3077				
Peak Capacity Percentage	51.25%	48.19%	49.20%					

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY (SUMMARY)

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04
 WITNESS J HOUSEHOLDER

SUMMARY	TOTAL	CAPACITY	CUSTOMER	COMMODITY	REVENUE
ATTRITION	\$ -	\$ -	\$ -	\$ -	\$ -
O&M	\$ 24,068,153	\$ 7,762,597	\$ 13,582,086	\$ 2,723,472	\$ -
less O&M direct assignments	\$ (3,530,699)	\$ (2,179,338)	\$ (1,351,361)	\$ -	\$ -
NET O&M	\$ 20,537,454	\$ 5,583,258	\$ 12,230,725	\$ 2,723,472	\$ -
DEPRECIATION	\$ 8,269,989	\$ 5,994,495	\$ 2,275,494	\$ -	\$ -
AMORTIZATION OF OTHER GAS PLANT	\$ -	\$ -	\$ -	\$ -	\$ -
AMORTIZATION OF PROPERTY LOSS	\$ -	\$ -	\$ -	\$ -	\$ -
AMORTIZATION OF LIMITED TERM INVESTMENT	\$ -	\$ -	\$ -	\$ -	\$ -
AMORTIZATION OF ACQUISITION ADJUSTMENT	\$ 46,740	\$ 32,138	\$ 14,602	\$ -	\$ -
AMORTIZATION OF CONVERSION COSTS	\$ 78,588	\$ -	\$ -	\$ 78,588	\$ -
TOTAL TAXES OTHER THAN INCOME	\$ 2,216,925	\$ 1,348,047	\$ 511,715	\$ -	\$ 357,163
RETURN	\$ 9,997,166	\$ 7,274,603	\$ 2,730,485	\$ (7,922)	\$ -
INCOME TAXES	\$ (403,763)	\$ (293,805)	\$ (110,278)	\$ 320	\$ -
REVENUES CREDITED TO COST OF SERVICE	\$ (1,092,524)	\$ -	\$ (1,092,524)	\$ -	\$ -
TOTAL COST OF SERVICE	\$ 43,181,274	\$ 22,118,075	\$ 17,911,580	\$ 2,794,458	\$ 357,163
RATE BASE	\$ 123,421,804	\$ 89,809,916	\$ 33,709,687	\$ (97,800)	\$ -
less Rate Base direct assignments	\$ (103,799,447)	\$ (75,765,071)	\$ (28,034,377)	\$ -	\$ -
NET RATE BASE	\$ 19,622,357	\$ 14,044,845	\$ 5,675,311	\$ (97,800)	\$ -

KNOWN DIRECT & SPECIAL ASSIGNMENTS
 RATE BASE ITEMS(PLANT-ACC DEP)

381-382 METERS	\$ 7,644,099	\$ -	\$ 7,644,099	\$ -	\$ -
383-384 HOUSE REGULATORS	\$ 1,892,801	\$ -	\$ 1,892,801	\$ -	\$ -
385 INDUSTRIAL MEAS & REG EQ	\$ 1,787,474	\$ 1,787,474	\$ -	\$ -	\$ -
376 MAINS	\$ 73,977,597	\$ 73,977,597	\$ -	\$ -	\$ -
380 SERVICES	\$ 18,497,476	\$ -	\$ 18,497,476	\$ -	\$ -
378 MEAS & REG STA EQ -GEN	\$ -	\$ -	\$ -	\$ -	\$ -
Total Rate Base Direct Assignments	\$ 103,799,447	\$ 75,765,071	\$ 28,034,377	\$ -	\$ -

O&M ITEMS

892 Maint of Services O & M ITEMS	\$ 155,452	\$ -	\$ 155,452	\$ -	\$ -
876 MEAS & REG STA EQ IND	\$ -	\$ -	\$ -	\$ -	\$ -
878 METER & HOUSE REG	\$ 518,359	\$ -	\$ 518,359	\$ -	\$ -
890 MAINT OF MEAS & REG STA EQ -IND	\$ 85,731	\$ 85,731	\$ -	\$ -	\$ -
893 MAINT OF METERS AND HOUSE REG	\$ 188,327	\$ -	\$ 188,327	\$ -	\$ -
874 MAINS AND SERVICES	\$ 1,987,117	\$ 1,497,894	\$ 489,223	\$ -	\$ -
887 MAINT OF MAINS	\$ 595,713	\$ 595,713	\$ -	\$ -	\$ -
Total O&M Direct Assignments	\$ 3,530,699	\$ 2,179,338	\$ 1,351,361	\$ -	\$ -

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION PROVIDE A FULLY ALLOCATED EMBEDDED
COST OF SERVICE STUDY
(SUMMARY)

TYPE OF DATA SHOWN
PROJECTED TEST YEAR 09/30/04

COMPANY CITY GAS COMPANY OF FLORIDA
A DIVISION OF NUI UTILITIES, INC
DOCKET NO 030569-GU

WITNESS J HOUSEHOLDER

SUMMARY.	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE
ATTRITION	\$ -	\$ -	\$ -	\$ -	\$ -
D&M	\$ 24,068,153	\$ 13,582,086	\$ 7,762,597	\$ 2,723,472	\$ -
less O&M direct assignments	\$ (3,530,698)	\$ (1,351,361)	\$ (2,179,338)	\$ -	\$ -
NET O&M	\$ 20,537,454	\$ 12,230,728	\$ 5,583,258	\$ 2,723,472	\$ -
DEPRECIATION	\$ 8,289,989	\$ 2,275,494	\$ 5,994,495	\$ -	\$ -
AMORTIZATION OF OTHER GAS PLANT	\$ -	\$ -	\$ -	\$ -	\$ -
AMORTIZATION OF PROPERTY LOSS	\$ -	\$ -	\$ -	\$ -	\$ -
AMORTIZATION OF LIMITED TERM INVESTMENT	\$ -	\$ -	\$ -	\$ -	\$ -
AMORTIZATION OF ACQUISITION ADJUSTMENT	\$ 46,740	\$ 14,602	\$ 32,138	\$ -	\$ -
AMORTIZATION OF CONVERSION COSTS	\$ 78,588	\$ -	\$ -	\$ 78,588	\$ -
TOTAL TAXES OTHER THAN INCOME	\$ 2,216,925	\$ 511,715	\$ 1,348,047	\$ -	\$ 357,163
RETURN	\$ 9,997,166	\$ 2,730,485	\$ 7,274,603	\$ (7,922)	\$ -
INCOME TAXES	\$ (403,763)	\$ (110,279)	\$ (293,805)	\$ 320	\$ -
REVENUES CREDITED TO COST OF SERVICE	\$ (1,092,524)	\$ (1,092,524)	\$ -	\$ -	\$ -
TOTAL COST OF SERVICE	\$ 43,181,274	\$ 17,911,580	\$ 22,118,075	\$ 2,794,458	\$ 357,163
RATE BASE	\$ 123,421,804	\$ 33,709,687	\$ 89,809,916	\$ (97,800)	\$ -
less Rate Base direct assignments	\$ (103,799,447)	\$ (28,034,377)	\$ (75,765,071)	\$ -	\$ -
NET RATE BASE	\$ 19,622,357	\$ 5,675,311	\$ 14,044,845	\$ (97,800)	\$ -
KNOWN DIRECT & SPECIAL ASSIGNMENTS					
RATE BASE ITEMS(PLANT-ACC DEP)					
381-382 METERS	\$ 7,644,099	\$ 7,644,099	\$ -	\$ -	\$ -
383-384 HOUSE REGULATORS	\$ 1,892,801	\$ 1,892,801	\$ -	\$ -	\$ -
385 INDUSTRIAL MEAS & REG EQ	\$ 1,787,474	\$ -	\$ 1,787,474	\$ -	\$ -
376 MAINS	\$ 73,977,597	\$ -	\$ 73,977,597	\$ -	\$ -
380 SERVICES	\$ 18,497,476	\$ 18,497,476	\$ -	\$ -	\$ -
378 MEAS & REG STA EQ -GEN.	\$ -	\$ -	\$ -	\$ -	\$ -
Total Rate Base Direct Assignments	\$ 103,799,447	\$ 28,034,377	\$ 75,765,071	\$ -	\$ -
O&M ITEMS					
892 Maint of Services O & M ITEMS	\$ 155,452	\$ 155,452	\$ -	\$ -	\$ -
876 MEAS. & REG STA EQ IND	\$ -	\$ -	\$ -	\$ -	\$ -
878 METER & HOUSE REG	\$ 518,359	\$ 518,359	\$ -	\$ -	\$ -
890 MAINT OF MEAS & REG STA EQ -IND	\$ 85,731	\$ -	\$ 85,731	\$ -	\$ -
893 MAINT OF METERS AND HOUSE REG	\$ 188,327	\$ 188,327	\$ -	\$ -	\$ -
874 MAINS AND SERVICES	\$ 1,987,117	\$ 489,223	\$ 1,497,894	\$ -	\$ -
887 MAINT. OF MAINS	\$ 595,713	\$ -	\$ 595,713	\$ -	\$ -
Total O&M Direct Assignments	\$ 3,530,599	\$ 1,351,361	\$ 2,179,338	\$ -	\$ -

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY

TYPE OF DATA SHOWN:
 PROJECTED TEST YEAR 09/30/04

CLASSIFICATION OF EXPENSES AND
 DERIVATION OF COST OF SERVICE BY COST CLASSIFICATION
 SCHEDULE H 1 OF 2

WITNESS J HOUSEHOLDER

OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	\$ -	\$ -	\$ -	\$ -	ac 301-320
PRODUCTION PLANT	\$ -	\$ -	\$ -	\$ -	100% capacity
DISTRIBUTION					
870 Operation Supervision & Eng	\$ 1,048,113	\$ 441,525	\$ 606,588	\$ -	ac 871-879
871 Dist Load Dispatch	\$ -	\$ -	\$ -	\$ -	100% capacity
872 Compr Sta Lab & Ex	\$ -	\$ -	\$ -	\$ -	ac 377
873 Compr Sta Fuel & Power	\$ -	\$ -	\$ -	\$ -	100% commodity
874 Mains and Services	\$ 1,987,117	\$ 489,223	\$ 1,497,894	\$ -	ac376+ac380
875 Meas & Reg Sta Eq -Gen	\$ 19,006	\$ -	\$ 19,006	\$ -	ac 378
876 Meas & Reg Sta Eq -Ind	\$ -	\$ -	\$ -	\$ -	ac 385
877 Meas & Reg Sta Eq -CG	\$ 606	\$ -	\$ 606	\$ -	ac 379
878 Meter and House Reg	\$ 518,359	\$ 518,359	\$ -	\$ -	ac381+ac383
879 Customer Instal	\$ 96,987	\$ 96,987	\$ -	\$ -	ac 386
880 Other Expenses	\$ 1,054,569	\$ 416,201	\$ 638,368	\$ -	ac 387
881 Rents	\$ -	\$ -	\$ -	\$ -	100% capacity
885 Maintenance Supervision	\$ 94,405	\$ 29,580	\$ 64,825	\$ -	ac886-894
886 Maint of Struct and Improv	\$ 20,196	\$ -	\$ 20,196	\$ -	ac375
887 Maintenance of Mains	\$ 595,713	\$ -	\$ 595,713	\$ -	ac376
888 Maint of Comp Sta Eq	\$ -	\$ -	\$ -	\$ -	ac 377
889 Maint of Meas & Reg Sta Eq -Gen	\$ 4,005	\$ -	\$ 4,005	\$ -	ac 378
890 Maint of Meas & Reg Sta Eq -Ind	\$ 85,731	\$ -	\$ 85,731	\$ -	ac 385
891 Maint of Meas & Reg Sta Eq -CG	\$ 47,285	\$ -	\$ 47,285	\$ -	ac 379
892 Maintenance of Services	\$ 155,452	\$ 155,452	\$ -	\$ -	ac 380
893 Maint of Meters and House Reg	\$ 188,327	\$ 188,327	\$ -	\$ -	ac381-383
894 Maint of Other Equipment	\$ 8,859	\$ 2,627	\$ 6,233	\$ -	ac387
Total Distribution Expenses	\$ 5,924,730	\$ 2,338,281	\$ 3,586,450	\$ -	
CUSTOMER ACCOUNTS					
901 Supervision	\$ 15,094	\$ 15,094	\$ -	\$ -	100% customer
902 Meter-Reading Expense	\$ 548,280	\$ 548,280	\$ -	\$ -	100% customer
903 Records and Collection Exp	\$ 1,559,390	\$ 1,559,390	\$ -	\$ -	100% customer
904 Uncollectible Accounts	\$ 1,258,290	\$ -	\$ -	\$ 1,258,290	100% commodity
905 Misc Expenses	\$ -	\$ -	\$ -	\$ -	100% customer
Total Customer Accounts	\$ 3,381,054	\$ 2,122,764	\$ -	\$ 1,258,290	
(907-910) CUSTOMER SERV & INFO EXP	\$ -	\$ -	\$ -	\$ -	100% customer
(911-916) SALES EXPENSE	\$ 1,814,108	\$ 1,814,108	\$ -	\$ -	100% customer
(920-931) ADMINISTRATION AND GENERAL	\$ 12,948,261	\$ 7,306,934	\$ 4,176,146	\$ 1,465,182	O&M excl A&G
(935) MAINT OF GEN PLANT	\$ -	\$ -	\$ -	\$ -	general plant
TOTAL O&M EXPENSE	\$ 24,068,153	\$ 13,582,088	\$ 7,762,597	\$ 2,723,472	

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY CITY GAS COMPANY OF FLORIDA
 A DIVISION OF NUI UTILITIES, INC
 DOCKET NO 030569-GU

EXPLANATION PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY
 CLASSIFICATION OF EXPENSES AND DERIVATION
 OF COST OF SERVICE BY COST CLASSIFICATION
 SCHEDULE H 2 OF 2

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04
 WITNESS J HOUSEHOLDER

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
DEPRECIATION AND AMORTIZATION EXPENSE						
Depreciation Expense	\$ 8,289,989	\$ 2,275,494	\$ 5,994,495	\$ -	\$ -	net plant
Amort of Other Gas Plant	\$ -	\$ -	\$ -	\$ -	\$ -	100% capacity
Amort of Property Loss	\$ -	\$ -	\$ -	\$ -	\$ -	100% capacity
Amort of Limited-term Inv	\$ -	\$ -	\$ -	\$ -	\$ -	intangible plant
Amort of Acquisition Adj	\$ 46,740	\$ 14,602	\$ 32,138	\$ -	\$ -	intangible,distribution,and general plant
Amort of Conversion Costs	\$ 78,588	\$ -	\$ -	\$ 78,588	\$ -	100% commodity
Total Deprec and Amort Expense	\$ 8,395,317	\$ 2,290,096	\$ 6,026,633	\$ 78,588	\$ -	
TAXES OTHER THAN INCOME TAXES						
Revenue Related	\$ 357,163	\$ -	\$ -	\$ -	\$ 357,163	100% revenue
Other	\$ 1,859,762	\$ 511,715	\$ 1,348,047	\$ -	\$ -	net plant
Total Taxes other than Income Taxes	\$ 2,216,925	\$ 511,715	\$ 1,348,047	\$ -	\$ 357,163	
REV CRDT TO COS(NEG OF OTHR OPR REV)	(\$1,092,524)	\$ (1,092,524)	\$ -	\$ -	\$ -	100% customer
RETURN (REQUIRED NOI)	\$ 9,997,166	\$ 2,730,485	\$ 7,274,603	\$ (7,922)	\$ -	rate base
INCOME TAXES	\$ (403,763)	\$ (110,278)	\$ (283,805)	\$ 320	\$ -	return(not)
TOTAL OVERALL COST OF SERVICE	\$ 43,181,274	\$ 17,911,580	\$ 22,118,075	\$ 2,794,458	\$ 357,163	

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY, CITY GAS COMPANY OF FLORIDA
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EXPLANATION PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04
 WITNESS J HOUSEHOLDER

CLASSIFICATION OF RATE BASE - PLANT
 SCHEDULE I 1 OF 2

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT					
302 FRANCHISES AND CONSENTS	\$ 141,459	\$ -	\$ 141,459	\$ -	100% capacity
303 MISC INTANGIBLE PLANT	\$ 14,728	\$ -	\$ 14,728	\$ -	100% capacity
PRODUCTION PLANT					100% capacity
DISTRIBUTION PLANT					
365 RIGHT-OF-WAY	\$ -	\$ -	\$ -	\$ -	
367 TRANSMISSION MAIN	\$ -	\$ -	\$ -	\$ -	
369 MEASURING/REPLAING EQUIPMENT	\$ -	\$ -	\$ -	\$ -	
371 OTHER EQUIPMENT	\$ -	\$ -	\$ -	\$ -	
374 Land and Land Rights	\$ 55,027	\$ -	\$ 55,027	\$ -	100% capacity
375 Structures and Improvements	\$ 434,618	\$ -	\$ 434,618	\$ -	100% capacity
376 Mains	\$ 123,183,185	\$ -	\$ 123,183,185	\$ -	100% capacity
377 Comp Sta Eq	\$ -	\$ -	\$ -	\$ -	100% capacity
378 Meas & Reg Sta Eq -Gen	\$ -	\$ -	\$ -	\$ -	100% capacity
379 Meas & Reg Sta Eq -CG	\$ 5,574,353	\$ -	\$ 5,574,353	\$ -	100% capacity
380 Services	\$ 40,232,480	\$ 40,232,480	\$ -	\$ -	100% customer
381 Meters	\$ 9,371,626	\$ 9,371,626	\$ -	\$ -	100% customer
382 Meters Installation	\$ 2,762,312	\$ 2,762,312	\$ -	\$ -	100% customer
383 House Regulators	\$ 2,084,512	\$ 2,084,512	\$ -	\$ -	100% customer
384 House Regulator Installation	\$ 1,164,319	\$ 1,164,319	\$ -	\$ -	100% customer
385 Industrial Meas & Reg Eq	\$ 2,752,375	\$ -	\$ 2,752,375	\$ -	100% capacity
386 Property on Customer Premises	\$ -	\$ -	\$ -	\$ -	ac 374-385
387 Other Equipment	\$ 155,827	\$ 46,206	\$ 109,635	\$ -	ac 374-386
Total Distribution Plant	\$ 187,926,821	\$ 55,661,455	\$ 132,265,379	\$ -	
GENERAL PLANT	\$ 16,285,382	\$ 8,132,891	\$ 8,132,891	\$ -	50% customer,50%, capacity
PLANT ACQUISITION ADJUSTMENT	\$ 1,462,897	\$ -	\$ 1,462,897	\$ -	100% capacity
GAS PLANT FOR FUTURE USE	\$ -	\$ -	\$ -	\$ -	100% capacity
CWIP	\$ 6,452,439	\$ 1,911,128	\$ 4,541,312	\$ -	dist plant
TOTAL PLANT	\$ 212,107,339	\$ 65,705,274	\$ 146,402,079	\$ -	

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EXPLANATION PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY

CLASSIFICATION OF RATE BASE
 ACCUMULATED DEPRECIATION

SCHEDULE 1 2 OF 2

TYPE OF DATA SHOWN
 PROJECTED TEST YEAR 09/30/04
 WITNESS J HOUSEHOLDER

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT					related plant
302 FRANCHISES AND CONSENTS	\$ 88,751	\$ -	\$ 88,751	\$ -	
303 MISC INTANGIBLE PLANT	\$ 10,134	\$ -	\$ 10,134	\$ -	rel plant account
PRODUCTION PLANT					
DISTRIBUTION PLANT					
367 TRANSMISSION MAIN	\$ -	\$ -	\$ -	\$ -	
369 MEASURING/REPLAING EQUIPMENT	\$ -	\$ -	\$ -	\$ -	
371 OTHER EQUIPMENT	\$ -	\$ -	\$ -	\$ -	
375 Structures and Improvements	\$ 175,537	\$ -	\$ 175,537	\$ -	"
376 Mains	\$ 49,205,588	\$ -	\$ 49,205,588	\$ -	"
377 Compressor Sta Eq	\$ -	\$ -	\$ -	\$ -	"
378 Meas & Reg Sta. Eq -Gen	\$ -	\$ -	\$ -	\$ -	"
379 Meas & Reg Sta Eq -CG	\$ 1,645,954	\$ -	\$ 1,645,954	\$ -	"
380 Services	\$ 21,735,004	\$ 21,735,004	\$ -	\$ -	"
381 Meters	\$ 3,420,702	\$ 3,420,702	\$ -	\$ -	"
382 Meters Installation	\$ 1,069,136	\$ 1,069,136	\$ -	\$ -	"
383 House Regulators	\$ 969,486	\$ 969,486	\$ -	\$ -	"
384 House Regulator Installation	\$ 386,545	\$ 386,545	\$ -	\$ -	"
385 Indust Meas & Reg Sta Eq	\$ 964,901	\$ -	\$ 964,901	\$ -	"
386 Property on Customer Premises	\$ -	\$ -	\$ -	\$ -	"
387 Other Equipment	\$ 189,737	\$ 50,330	\$ 119,421	\$ -	"
Total A D on Dist Plant	\$ 79,742,590	\$ 27,631,209	\$ 52,111,401	\$ -	
GENERAL PLANT	\$ 7,753,299	\$ 3,876,650	\$ 3,876,650	\$ -	general plant
PLANT ACQUISITION ADJUSTMENT	\$ 226,472	\$ -	\$ 226,472	\$ -	acquisition adjustments
RETIREMENT WORK IN PROGRESS	\$ -	\$ -	\$ -	\$ -	distribution plant
TOTAL ACCUMULATED DEPRECIATION	\$ 87,821,246	\$ 31,507,853	\$ 56,313,407	\$ -	
NET PLANT (Plant less Accum Dep)	\$ 124,286,093	\$ 34,197,421	\$ 90,088,671	\$ -	
less CUSTOMER ADVANCES	\$ -	\$ -	\$ -	\$ -	50%-50% cust-cap
plus WORKING CAPITAL	\$ (864,289)	\$ (487,734)	\$ (278,755)	\$ (97,800)	oper and maint exp
equals TOTAL RATE BASE	\$ 123,421,804	\$ 33,709,687	\$ 89,809,916	\$ (97,800)	