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January 16, 2001

BY HAND DELIVERY

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company; Docket No. 010003-GU

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Public Utilities Company in this docket are an original and fifteen copies of Florida Public Utilities Company's Petition for Approval of Mid-Course Correction in PGA Cap in the above-referenced docket.

Please acknowledge receipt of these documents by stamping the enclosed extra copy of this letter.

Thank you for your assistance.

Sincerely,



Norman H. Horton, Jr.

NHH/amb

Enclosures

- APP _____
- CAF _____
- CMP _____
- COM 3 _____
- CTR _____
- ECR _____
- LEG 1 _____
- OPC _____
- PAI _____
- RGO _____
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cc: Mr. George Bachman
Parties of Record

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

00615 JAN 16 2001

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment (PGA))
True-Up)
_____)

Docket No. 010003-GU
Filed: January 16, 2001

**PETITION OF FLORIDA PUBLIC UTILITIES COMPANY
FOR APPROVAL OF MID-COURSE CORRECTION IN PGA CAP**

Florida Public Utilities Company (“FPU”), by the undersigned, hereby files its petition for approval of a revision, through a mid-course correction, to its purchased gas adjustment (“PGA”) cap to be applied to bills immediately, and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office in Florida is:

Florida Public Utilities Company
401 South Dixie Highway
West Palm Beach, FL 33401

2. The names and mailing addresses of the persons authorized to receive notices and communications with respect to this petition are:

Norman H. Horton, Jr.
Messer, Caparello & Self, P.A.
P.O. Box 1876
Tallahassee, FL 323-201876
(850)222-0720

Mr. George Bachman
Florida Public Utilities Company
P.O. Box 3395
West Palm Beach, FL 33402-3395
(561)838-1731

3. This Commission has adopted a method for the recovery of purchased gas costs by regulated natural gas utilities, to be used for the recovery of such costs through the calendar year, commencing January 1, and ending December 31. For the calendar year 2001, each investor-owned natural gas utility has been assigned a levelized “PGA” factor which serves as a cap, or maximum recovery factor. By Order No. PSC-00-2383-FOF-GU, issued December 12,

2000, The Commission approved a levelized PGA cap of 84.781 cents per therm for the Company for the period January, 2001 to December, 2001.

4. As indicated by the Schedules E-1 and E-2A (attached hereto as Appendix 1), the Company's re-projected expenses for the period January 2001 through December 2001, will substantially exceed revenues. At current gas prices the Company projects that it will underrecover by approximately \$6,565,235. This corresponds to a projected underrecovery of \$33,279 as used in Order No. PSC-00-2383-FOF-GU.

5. This drastic increase is caused by rapid and significant increases in prices for natural gas. A colder than normal winter and lower supply levels across the nation have put substantial pressure on prices. It is not expected that there will be any significant reductions in these prices thus the current situation will continue. Without the requested mid-course revision, the company and its customers will be adversely affected.

6. In Order No. PSC-93-0708-FOF-GU, Issued May 10, 1993, in Docket No. 930003-GU, the commission determined that a utility may at its option, formally request a mid-course correction if re-projected expenses for the remaining period significantly exceed projected revenues for the period, when using the Commission-approved cap.

7. Florida Public Utilities Company requests that the Commission approve an increase in its PGA cap from 84.781 cents per therm to 99.529 cents per therm.

8. Because of the need to reduce the projected underrecovery the Company requests the increased cap become effective as of the date of the Commission vote. This treatment is warranted given the magnitude of the projected underrecovery and the need to reduce the projected underrecovery of expenses. The Commission has previously approved mid-course corrections to become effective at earlier dates under similar circumstances when the amount of the projected underrecovery was substantial. Most recently mid-course corrections have been

approved in Order Nos. PSC-00-1422-PCO-GU, PSC-00-1523-PCO-GU, PSC-00-1524-PCO-GU, and others.

9. The Company recognizes there will not be time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to the implementation of the increase in the PGA factor sought by this petition. However, such prudence review will occur as a matter of course at the November hearing to be held in this docket. If the increase in the cost recovery cap is ultimately found imprudent, ratepayers will suffer no harm, since any costs found imprudent will be disallowed for recovery and such disallowance will flow to the ratepayers through the true-up mechanism which is an integral part of the procedures in this docket. On the other hand, if the mid-course correction is not implemented and the Company's costs are found to have been prudently incurred, the Company would be entitled to collect interest from its ratepayers on the amount of the underrecovery, thereby further increasing the cost of gas to the ratepayers.

WHEREFORE, Florida Public Utilities Company respectfully requests that the Commission enter its order approving an increase in the Florida Public Utilities Company maximum PGA cap effective upon vote.

Respectfully submitted,

MESSER, CAPARELLO, & SELF, P. A.
Post Office Box 1876
Tallahassee, FL 32302-1876
(850) 222-0720


NORMAN H. HORTON, JR., ESQ.

Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of Florida Public Utilities Company's Petition for Approval of Mid-course Correction in PGA Cap in Docket No. 010003-GU have been served by hand delivery (*) and/or U. S. Mail this 16th day of January, 2001 upon the following:

Cochran Keating, Esq.*
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd., Room 370
Tallahassee, FL 32399-0850

Mr. John T. English
President
Florida Public Utilities Company
P.O. Box 3395
West Palm Beach, FL 33402-3395

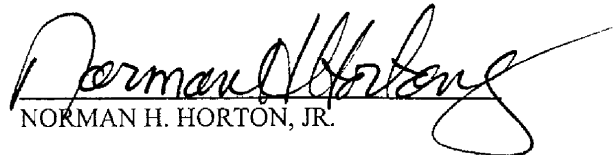
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Mr. Robert Cooper
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P.O. Box 806278
Chicago, IL 60680-4124

| COST OF GAS PURCHASED | REVISED PROJECTION | | | | | | | | | | | | TOTAL |
|--|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | |
| 1 COMMODITY (Pipeline) | 19,134 | 17,517 | 18,247 | 14,838 | 14,541 | 14,967 | 13,434 | 12,851 | 12,821 | 13,833 | 13,943 | 16,160 | 182,286 |
| 2 NO NOTICE SERVICE | 9,694 | 7,104 | 6,402 | 4,425 | 1,829 | 1,770 | 1,829 | 1,829 | 1,770 | 3,658 | 5,487 | 7,865 | 53,662 |
| 3 SWING SERVICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 COMMODITY (Other) | 5,297,370 | 4,756,950 | 4,691,848 | 3,484,894 | 2,912,045 | 2,972,226 | 2,721,295 | 2,620,734 | 2,602,557 | 2,790,176 | 3,330,703 | 3,743,448 | 41,924,246 |
| 5 DEMAND | 506,712 | 436,955 | 460,832 | 479,866 | 203,539 | 196,972 | 180,270 | 180,270 | 174,454 | 181,480 | 479,866 | 517,562 | 3,998,778 |
| 6 OTHER | 3,900 | 3,560 | 3,760 | 3,194 | 2,669 | 2,724 | 2,494 | 2,402 | 2,385 | 2,557 | 3,052 | 3,431 | 36,128 |
| LESS END-USE CONTRACT | | | | | | | | | | | | | |
| 7 COMMODITY (Pipeline) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 DEMAND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | | |
| 11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10) | 5,836,810 | 5,222,086 | 5,181,089 | 3,987,217 | 3,134,623 | 3,188,659 | 2,919,322 | 2,818,086 | 2,793,987 | 2,991,704 | 3,833,051 | 4,288,466 | 46,195,100 |
| 12 NET UNBILLED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 COMPANY USE | 4,413 | 3,128 | 3,416 | 2,936 | 1,933 | 2,060 | 1,948 | 1,781 | 1,858 | 2,220 | 3,230 | 3,301 | 32,224 |
| 14 TOTAL THERM SALES | 4,408,849 | 4,024,139 | 4,250,665 | 3,609,975 | 3,016,525 | 3,079,059 | 2,819,002 | 2,714,798 | 2,696,036 | 2,890,320 | 3,450,205 | 3,878,002 | 40,837,575 |
| THERMS PURCHASED | | | | | | | | | | | | | |
| 15 COMMODITY (Pipeline) | 5,200,280 | 4,746,510 | 5,013,700 | 4,258,000 | 3,558,020 | 3,631,780 | 3,325,040 | 3,202,130 | 3,180,000 | 3,409,160 | 4,069,550 | 4,574,140 | 48,168,310 |
| 16 NO NOTICE SERVICE | 1,643,000 | 1,204,000 | 1,085,000 | 750,000 | 310,000 | 300,000 | 310,000 | 310,000 | 300,000 | 620,000 | 930,000 | 1,333,000 | 9,095,000 |
| 17 SWING SERVICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 COMMODITY (Other) | 5,200,280 | 4,746,510 | 5,013,700 | 4,258,000 | 3,558,020 | 3,631,780 | 3,325,040 | 3,202,130 | 3,180,000 | 3,409,160 | 4,069,550 | 4,574,140 | 48,168,310 |
| 19 DEMAND | 8,611,800 | 6,658,400 | 6,131,800 | 4,734,000 | 4,010,780 | 3,881,400 | 3,390,780 | 3,390,780 | 3,281,400 | 3,423,330 | 4,734,000 | 7,061,800 | 59,310,270 |
| 20 OTHER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LESS END-USE CONTRACT | | | | | | | | | | | | | |
| 21 COMMODITY (Pipeline) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 22 DEMAND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 | | | | | | | | | | | | | |
| 24 TOTAL PURCHASES (17+18+20)-(23) * | 5,200,280 | 4,746,510 | 5,013,700 | 4,258,000 | 3,558,020 | 3,631,780 | 3,325,040 | 3,202,130 | 3,180,000 | 3,409,160 | 4,069,550 | 4,574,140 | 48,168,310 |
| 25 NET UNBILLED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 COMPANY USE | 9,360 | 8,550 | 9,020 | 7,660 | 6,400 | 6,540 | 5,980 | 5,760 | 5,720 | 6,140 | 7,320 | 8,230 | 86,680 |
| 27 TOTAL THERM SALES | 5,190,920 | 4,737,960 | 5,004,680 | 4,250,340 | 3,551,620 | 3,625,240 | 3,319,060 | 3,196,370 | 3,174,280 | 3,403,020 | 4,062,230 | 4,565,910 | 48,081,630 |
| CENTS PER THERM | | | | | | | | | | | | | |
| 28 COMMODITY (Pipeline) (1/15) | 0.368 | 0.369 | 0.364 | 0.348 | 0.409 | 0.412 | 0.404 | 0.401 | 0.403 | 0.406 | 0.343 | 0.353 | 0.378 |
| 29 NO NOTICE SERVICE (2/16) | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 | 0.590 |
| 30 SWING SERVICE (3/17) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 31 COMMODITY (Other) (4/18) | 101.867 | 100.220 | 93.581 | 81.843 | 81.845 | 81.839 | 81.842 | 81.843 | 81.841 | 81.844 | 81.845 | 81.839 | 87.037 |
| 33 OTHER (6/20) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| LESS END-USE CONTRACT | | | | | | | | | | | | | |
| 34 COMMODITY Pipeline (7/21) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 35 DEMAND (8/22) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 36 (9/23) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 37 TOTAL COST (11/24) | 112.240 | 110.019 | 103.339 | 93.641 | 88.100 | 87.799 | 87.798 | 88.007 | 87.861 | 87.755 | 94.189 | 93.755 | 95.904 |
| 38 NET UNBILLED (12/25) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 39 COMPANY USE (13/26) | 47.147 | 36.585 | 37.871 | 38.329 | 30.203 | 31.498 | 32.575 | 30.920 | 32.483 | 36.156 | 44.126 | 40.109 | 37.176 |
| 40 TOTAL THERM SALES (11/27) | 112.443 | 110.218 | 103.525 | 93.609 | 88.259 | 87.957 | 87.956 | 88.165 | 88.020 | 87.913 | 94.358 | 93.924 | 96.076 |
| 41 TRUE-UP (E-4) | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 | 0.069 |
| 42 TOTAL COST OF GAS (40+41) | 112.512 | 110.287 | 103.594 | 93.878 | 88.328 | 88.026 | 88.026 | 88.234 | 88.089 | 87.982 | 94.427 | 93.993 | 96.145 |
| 43 REVENUE TAX FACTOR | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 |
| 44 PGA FACTOR ADJUSTED FOR TAXES (42x43) | 113.0771 | 110.8418 | 104.1150 | 94.3506 | 88.7723 | 88.4690 | 88.4681 | 88.6780 | 88.5316 | 88.4248 | 94.9023 | 94.4654 | 96.6290 |
| 45 PGA FACTOR ROUNDED TO NEAREST .001 | 113.077 | 110.842 | 104.115 | 94.351 | 88.772 | 88.469 | 88.468 | 88.678 | 88.532 | 88.425 | 94.902 | 94.465 | 96.629 |

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

CALCULATION OF PGA CAP

SCHEDULE E-2A
Mid-Course Correction

FOR THE CURRENT PERIOD:

JANUARY 2001

Through DECEMBER 2001

| | JAN | FEB | | | | | | |
|---|-------------|-------------|--|--|-------------------|--|--|--|
| OVER/UNDER RECOVERY CALCULATION | | | | | | | | |
| 1 PURCHASED GAS COST | 5,297,370 | 4,756,950 | | Purchased Gas Costs Mar-Dec | \$ 35,136,204 | | | |
| 2 TRANSPORTATION COST & OTHER | 539,440 | 465,136 | | Projected Underrec. as of Feb. | \$ 2,620,362 | | | |
| 3 TOTAL | 5,836,810 | 5,222,086 | | Total Recovery Mar-Dec | \$ 37,756,566 | | | |
| 4 FUEL REVENUES (NET OF REVENUE TAX) | 4,408,849 | 4,024,139 | | Projected Unit Sales Mar-Dec | 38,152,750 | | | |
| 5 TRUE-UP (COLLECTED) OR REFUNDED | 2,773 | 2,773 | | PGCRF -Mid -Course (\$ per therm) | 98.962 | | | |
| 6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5) | 4,411,622 | 4,026,912 | | Prev. Filed True-up (\$ per therm) | 0.069 | | | |
| 7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3) | (1,425,188) | (1,195,174) | | Mid-Course including true-up Tax Factor | 99.031 1.00503 | | | |
| 8 INTEREST PROVISION-THIS PERIOD (21) | 0 | 0 | | | | | | |
| 9 BEGINNING OF PERIOD TRUE-UP AND INTEREST | 0 | (1,425,188) | | PGCRF adj for taxes (\$ per therm) | 99.529 | | | |
| 10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5) | 0 | 0 | | | | | | |
| 10a FLEX RATE REFUND (if applicable) | | | | | | | | |
| 11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a) | (1,425,188) | (2,620,362) | | | | | | |

EXHIBIT NO. _____
DOCKET NO. 010003-GU
FLORIDA PUBLIC UTILITIES COMPANY
(GMB-1)
PAGE 2 OF 2