

ORIGINAL

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 070108-ET  
APPROVAL OF THE ELECTRIC FUEL SUPPLY CONTRACT AND RELATED TERMS AND CONDITIONS  
BETWEEN GULF POWER COMPANY AND FLORIDA PUBLIC UTILITIES FOR THEIR NORTHWEST  
DIVISION (MARIANNA) BEGINNING 2008

Direct Testimony of  
Cheryl M. Martin  
On Behalf of  
Florida Public Utilities Company

1 Q. Please state your name and business address.

2 A. Cheryl M. Martin, 401 South Dixie Highway, West Palm Beach, FL

3 33401.

4 Q. By whom are you employed?

5 A. I am employed by Florida Public Utilities Company.

6 Q. Have you previously testified in a fuel related Docket?

7 A. Yes.

8 Q. What is the purpose of your testimony at this time?

9 A. To petition the Florida Public Service Commission (FPSC) for

10 approval of the Gulf Power Company contract, on or before July 1,

11 2007, for the procurement of our fuel supply as well as the related

12 terms and conditions contained within the contract, beginning

13 January 1, 2008 for our Northwest division (Marianna).

14 Q. What is the reason for this request for approval from the FPSC

15 before the normal fuel projection hearings scheduled in November

16 2007?

17 A. Approval of this contract and the related terms and conditions by

18 July 1, 2007 will allow both Gulf Power Company and Florida Public

19 Utilities the ability to have certainty of supply and commitment

20 arrangements and allow sufficient time to seek other arrangements

21 if it becomes necessary. The contract terms require us to seek

22 approval for this contract by July 1, 2007 for these reasons.

23 Q. What support have you supplied us to allow for the review and

CMP \_\_\_\_\_

COM 5 \_\_\_\_\_

CTR Or 9 \_\_\_\_\_

ECR \_\_\_\_\_

GCL 1 \_\_\_\_\_

OPC 1 \_\_\_\_\_

RCA \_\_\_\_\_

SCR \_\_\_\_\_

SGA \_\_\_\_\_

SEC \_\_\_\_\_

OTH \_\_\_\_\_

1 approval of the contract and its related terms and conditions?

2 A. We have provided fuel estimated projections for 2008 for our  
3 Northwest division utilizing the new contract terms, as well as the  
4 Fuel Contract itself. We have also provided additional testimony  
5 from Cheryl Martin supporting these fuel rate calculations of the  
6 projected 2008 fuel costs, testimony from Mark Cutshaw supporting  
7 the operations of our electric utilities and the procurement  
8 process taken by our company and George Bachman supporting the  
9 procurement process taken by our company and testimony from Robert  
10 Camfield the Consultant used to procure our new fuel contract with  
11 Gulf Power Supply supporting the process taken and the decision to  
12 procure our fuel from this supplier as well as providing the cost  
13 estimates used in our fuel projections for 2008. In addition,  
14 I will briefly describe the basis for the computations that were  
15 made in the preparation of the various schedules that we have  
16 submitted in support of the January 2008 - December 2008 estimated  
17 fuel cost recovery adjustments for our Northwest (Marianna)  
18 electric division. In addition, I will advise the Commission of the  
19 projected differences between the revenues collected under the  
20 levelized fuel adjustment and the purchased power costs allowed in  
21 developing the levelized fuel adjustment for the period January  
22 2007 - December 2007 and to establish a "true-up" amount to be  
23 collected or refunded during January 2008 - December 2008.

24 Q. Were the schedules filed by your Company completed under your  
25 direction?

26 A. Yes.

27 Q. Which of the Staff's set of schedules has your company completed  
28 and filed?

29 A. We have filed Schedules E1, E1A, E2, E7 and E10 for Marianna

1 (Northwest division). We have also filed Schedule M1 that shows the  
2 Calculation of Purchased Power Costs and Calculation of True-Up and  
3 Interest for the period January 2006 - December 2006 based on 12  
4 Months Actual data. They are included in Composite Prehearing  
5 Identification Number CMM-1. Schedule E1-B and E1-B1 for Marianna  
6 (Northwest) were also filed July 2006 in Composite Prehearing  
7 Identification Number CMM-2 on Docket Number 060001-EI. We have  
8 included a copy of those schedules with this filing as part of CMM-  
9 1. These schedules support the calculation of the levelized fuel  
10 adjustment factor for January 2008 - December 2008. Schedule E1-B  
11 shows the Calculation of Purchased Power Costs and Calculation of  
12 True-Up and Interest Provision for the period January 2006 -  
13 December 2006 based on 6 Months Actual and 6 Months Estimated data.

14 Q. In derivation of the projected cost factor for the January 2008 -  
15 December 2008 period, did you follow the same procedures that were  
16 used in the prior period filings?

17 A. Yes.

18 Q. Have there been any changes to the fuel contracts used to purchase  
19 electricity.

20 A. Yes, the contract for our Marianna (Northwest division) will expire  
21 December 31, 2007. We have included the estimated costs from our  
22 new contract with Gulf Power Company effective January 1, 2008 in  
23 these projections.

24 Q. How will the demand cost recovery factors for the other rate  
25 classes be used?

26 A. The demand cost recovery factors for each of the RS, GS, GSD, GSLD  
27 and OL-SL rate classes will become one element of the total cost  
28 recovery factor for those classes. All other costs of purchased  
29 power will be recovered by the use of the levelized factor that is

1 the same for all those rate classes. Thus the total factor for each  
2 class will be the sum of the respective demand cost factor and the  
3 levelized factor for all other costs.

4 Q. Please address the calculation of the total true-up amount to be  
5 collected or refunded during the January 2008 - December 2008.

6 A. We have determined that at the end of December 2007 based on our  
7 original estimate of six months actual and six months for January  
8 2006 through December 2006 filed with our 2007 projections and our  
9 final actual 2006 data, we will have under-recovered \$49,420 in  
10 purchased power costs in our Marianna (Northwest division). Based  
11 on estimated sales for the period January 2008 - December 2008, it  
12 will be necessary to add .01477¢ per KWH to collect this under-  
13 recovery. Page 3 of Composite Prehearing Identification Number CMM-  
14 1 provides a detail of the calculation of the true-up amounts.

15 Q. What are the final remaining true-up amounts for the period January  
16 2006 - December 2006?

17 A. In Marianna (Northwest division) the final remaining true-up amount  
18 was an under-recovery of \$49,420.

19 Q. What are the estimated true-up amounts for the period of January  
20 2007 - December 2007?

21 A. In Marianna (Northwest division), there is an estimated under-  
22 recovery of \$0.

23 Q. What will the total fuel adjustment factor, excluding demand cost  
24 recovery, be for the period?

25 A. In Marianna (Northwest division) the total fuel adjustment factor  
26 as shown on Line 33, Schedule E1, is 4.69 cents per KWH.

27 Q. Please advise what a residential customer using 1,000 KWH will pay  
28 for the period January 2008- December 2008 including base rates,  
29 conservation cost recovery factors, and fuel adjustment factor and

1 after application of a line loss multiplier.

2 A. In Marianna (Northwest division) a residential customer using 1,000  
3 KWH will pay \$91.94, an increase of \$21.80 from the previous  
4 period.

5 Q. Have you included a copy of the agreement with Gulf Power Supply?

6 A. Yes, we have included a copy of the agreement to be filed  
7 confidentially as part of our petition in this docket.

8 Q. Does this conclude your testimony?

9 A. Yes.

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FUEL AND PURCHASED POWER**  
**COST RECOVERY CLAUSE CALCULATION**

SCHEDULE E1  
PAGE 1 OF 2

ESTIMATED FOR THE PERIOD: JANUARY 2008 - DECEMBER 2008

**MARIANNA (NORTHWEST DIVISION)**

	(a)	(b)	(c)
	DOLLARS	MWH	CENTS/KWH
1 Fuel Cost of System Net Generation (E3)		0	
2 Nuclear Fuel Disposal Costs (E2)			
3 Coal Car Investment			
4 Adjustments to Fuel Cost			
5 TOTAL COST OF GENERATED POWER (LINE 1 THRU 4)	0	0	0.00000
6 Fuel Cost of Purchased Power (Exclusive of Economy) (E7)	14,198,467	346,558	4.09700
7 Energy Cost of Sched C & X Econ Purch (Broker) (E9)			
8 Energy Cost of Other Econ Purch (Non-Broker) (E9)			
9 Energy Cost of Sched E Economy Purch (E9)			
10 Demand & Transformation Cost of Purch Power (E2)	7,004,936	346,558	2.02129
10a Demand Costs of Purchased Power	5,573,490 *		
10b Transformation Energy & Customer Costs of Purchased Power	1,431,446 *		
11 Energy Payments to Qualifying Facilities (E8a)			
12 TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	21,203,403	346,558	6.11828
13 TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	21,203,403	346,558	6.11828
14 Fuel Cost of Economy Sales (E6)			
15 Gain on Economy Sales (E6)			
16 Fuel Cost of Unit Power Sales (SL2 Partpts) (E6)			
17 Fuel Cost of Other Power Sales			
18 TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	0.00000
19 Net Inadvertent Interchange			
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINE 5 + 12 + 18 + 19)	21,203,403	346,558	6.11828
21 Net Unbilled Sales	0 *	0	0.00000
22 Company Use	20,925 *	342	0.00625
23 T & D Losses	714,676 *	11,681	0.21363
24 SYSTEM MWH SALES	21,203,403	334,535	6.33817
25 Less Total Demand Cost Recovery	5,573,490 ***		
26 Jurisdictional MWH Sales	15,629,913	334,535	4.67213
26a Jurisdictional Loss Multiplier	1.00000	1.00000	
27 Jurisdictional MWH Sales Adjusted for Line Losses	15,629,913	334,535	4.67213
28 GPIF **			
29 TRUE-UP **	49,420	334,535	0.01477
30 TOTAL JURISDICTIONAL FUEL COST	15,679,333	334,535	4.68690
31 Revenue Tax Factor			1.00072
32 Fuel Factor Adjusted for Taxes			4.69027
33 FUEL FAC ROUNDED TO NEAREST .001 CENTS/KWH			4.690

\* For Informational Purposes Only  
\*\* Calculation Based on Jurisdictional KWH Sales  
\*\*\*Calculation on Schedule E1 Page 2

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DOCKET NO. \_\_\_\_\_  
FLORIDA PUBLIC UTILITIES COMPANY  
(CMM-1)  
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DOCUMENT NUMBER-DATE

01342 FEB-86

FPSC-COMMISSION CLERK

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL FACTOR ADJUSTED FOR  
LINE LOSS MULTIPLIER  
ESTIMATED FOR THE PERIOD: JANUARY 2008 - DECEMBER 2008

**MARIANNA (NORTHWEST DIVISION)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1)/((2)*4,380)			(3)*(4)	(1)*(5)	(6)/Total Col. (6)	(7)/Total Col. (7)
Rate Schedule	KWH Sales	12 CP Load Factor	CP KW At Meter	Demand Loss Factor	Energy Loss Factor	CP KW At GEN.	KWH At GEN.	12 CP Demand Percentage	Energy Percentage
34 RS	147,155,000	61.971%	54,214.1	1.089	1.030	59,039.2	151,569,650	48.97%	44.00%
35 GS	29,376,980	64.200%	10,447.2	1.089	1.030	11,377.0	30,258,289	9.44%	8.78%
36 GSD	93,483,720	73.168%	29,170.3	1.089	1.030	31,766.5	96,288,232	26.35%	27.94%
37 GSLD	59,622,800	84.178%	16,171.1	1.089	1.030	17,610.3	61,411,484	14.61%	17.82%
38 OL, OL1	3,795,600	160.732%	539.1	1.089	1.030	587.1	3,909,468	0.49%	1.13%
39 SL1, SL2 & SL3	1,100,700	160.732%	156.3	1.089	1.030	170.2	1,133,721	0.14%	0.33%
40 TOTAL	<u>334,534,800</u>		<u>110,698.1</u>			<u>120,550.3</u>	<u>344,570,844</u>	<u>100.00%</u>	<u>100.00%</u>

	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	12/13 * (8)	1/13 * (9)	(10) + (11)	Tot. Col. 13 * (12)	(13)/(1)	(14) * 1.00072 Demand Cost Recovery	Other Charges	(15) + (16)
Rate Schedule	12/13 Of 12 CP	1/13 Of Energy	Demand Allocatio Percentage	Demand Dollars	Demand Cost Recovery	Demand Cost Recovery Adj for Taxes	Other Charges	Levelized Adjustment
41 RS	45.19%	3.39%	48.58%	\$2,707,600	0.01840	0.01841	0.04690	\$0.06531
42 GS	8.71%	0.68%	9.39%	523,351	0.01782	0.01783	0.04690	\$0.06473
43 GSD	24.32%	2.15%	26.47%	1,475,303	0.01578	0.01579	0.04690	\$0.06269
44 GSLD	13.49%	1.37%	14.86%	828,221	0.01389	0.01390	0.04690	\$0.06080
45 OL, OL1	0.45%	0.09%	0.54%	30,097	0.00793	0.00794	0.04690	\$0.05484
46 SL1, SL2 & SL3	0.13%	0.03%	0.16%	8,918	0.00810	0.00811	0.04690	\$0.05501
47 TOTAL	<u>92.29%</u>	<u>7.71%</u>	<u>100.00%</u>	<u>\$5,573,490</u>				

(2) From Gulf Power Co. 2003 Load Research results.  
(4) From Fernandina Rate Case.

FLORIDA PUBLIC UTILITIES COMPANY  
CALCULATION OF TRUE-UP SURCHARGE  
 APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD  
 JANUARY 2007 - DECEMBER 2007  
BASED ON SIX MONTHS ACTUAL & SIX MONTHS ESTIMATED

MARIANNA (NORTHWEST DIVISION)

Final remaining true-up for the period January 2006 - December  
 December 2006. (See Schedule E1-B, Calculation of Estimated  
 Purchased Power Costs and Calculation of True-Up and Interest  
 Provision for the Twelve Month Period ended December 2006;  
 Schedule M-1, Calculation of Actual Purchased Power Costs and  
 Interest Provision for the Twelve Month Period Ended December  
 2006)(Estimated)

\$ (49,420)

Estimated kilowatt hour sales for the months of January 2008 -  
 December 2008 as per estimate filed with the Commission.

334,534,800

Cents per kilowatt hour necessary to collect under-recovered  
 purchased power costs over the period January 2008 - December 2008.

(0.01477)



FLORIDA PUBLIC UTILITIES COMPANY  
 MARIANNA (NORTHWEST DIVISION)  
 FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2008 - DECEMBER 2008

LINE NO.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	LINE NO.	
	2008 JANUARY	2008 FEBRUARY	2008 ESTIMATED MARCH	2008 APRIL	2008 MAY	2008 JUNE	2008 JULY	2008 AUGUST	2008 SEPTEMBER	2008 OCTOBER	2008 NOVEMBER	2008 DECEMBER	TOTAL PERIOD		
1													0	1	
1a													0	1a	
2													0	2	
3	1,263,934	1,040,440	1,002,538	967,017	1,202,985	1,329,875	1,379,590	1,398,823	1,226,365	1,081,062	1,026,324	1,279,514	14,198,467	3	
3a	694,003	551,961	515,742	464,624	572,214	648,719	657,871	672,236	619,292	502,193	478,386	627,695	7,004,936	3a	
3b													0	3b	
4													0	4	
5	1,957,937	1,592,401	1,518,280	1,431,641	1,775,199	1,978,594	2,037,461	2,071,059	1,845,657	1,583,255	1,504,710	1,907,209	21,203,403	5	
6	566,834	446,612	414,094	366,444	450,996	515,112	519,410	531,898	495,791	392,878	374,416	499,005	5,573,490	6	
7	1,391,103	1,145,789	1,104,186	1,065,197	1,324,203	1,463,482	1,518,051	1,539,161	1,349,866	1,190,377	1,130,294	1,408,204	15,629,913	7	
7a	29,605	28,033	24,346	24,307	24,831	29,352	33,014	31,837	30,921	27,210	24,333	26,746	334,535	7a	
7b	4.69888	4.08729	4.53539	4.38226	5.33286	4.98597	4.5982	4.8345	4.36553	4.37478	4.64511	5.2651	4.67213	7b	
8	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	8	
9	4.69888	4.08729	4.53539	4.38226	5.33286	4.98597	4.59820	4.83450	4.36553	4.37478	4.64511	5.26510	4.67213	9	
10														10	
11	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	0.01477	11	
12	4.71365	4.10206	4.55016	4.39703	5.34763	5.00074	4.61297	4.84927	4.38030	4.38955	4.65988	5.27987	4.68690	12	
13	0.00072	0.00339	0.00295	0.00328	0.00317	0.00385	0.00360	0.00332	0.00349	0.00315	0.00316	0.00336	0.00380	0.00337	13
14	4.71704	4.10501	4.55344	4.40020	5.35148	5.00434	4.61629	4.85276	4.38345	4.39271	4.66324	5.28367	4.69027	14	
15	4.717	4.105	4.553	4.400	5.351	5.004	4.616	4.853	4.383	4.393	4.663	5.284	4.690	15	

**FLORIDA PUBLIC UTILITIES COMPANY**  
**MARIANNA (NORTHWEST DIVISION)**  
**PURCHASED POWER**  
**(EXCLUSIVE OF ECONOMY ENERGY PURCHASES)**

ESTIMATED FOR THE PERIOD: JANUARY 2008 - DECEMBER 2008

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)
MONTH	PURCHASED FROM	TYPE & SCHEDULE	TOTAL KWH PURCHASED	KWH FOR OTHER UTILITIES	KWH FOR INTERRUPTIBLE	KWH FOR FIRM	CENTS/KWH		TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)	
							(A) FUEL COST	(B) TOTAL COST		
JANUARY 2008	GULF POWER COMPANY	RE	30,850,243			30,850,243	4.096999	6.346585	1,263,934	
FEBRUARY 2008	GULF POWER COMPANY	RE	25,395,165			25,395,165	4.097000	6.270489	1,040,440	
MARCH 2008	GULF POWER COMPANY	RE	24,470,054			24,470,054	4.097001	6.204645	1,002,538	
APRIL 2008	GULF POWER COMPANY	RE	23,603,054			23,603,054	4.096999	6.065491	967,017	
MAY 2008	GULF POWER COMPANY	RE	29,362,584			29,362,584	4.096999	6.045786	1,202,985	
JUNE 2008	GULF POWER COMPANY	RE	32,459,735			32,459,735	4.096998	6.095533	1,329,875	
JULY 2008	GULF POWER COMPANY	RE	33,673,183			33,673,183	4.097000	6.050693	1,379,590	
AUGUST 2008	GULF POWER COMPANY	RE	34,142,622			34,142,622	4.097000	6.065905	1,398,823	
SEPTEMBER 2008	GULF POWER COMPANY	RE	29,933,225			29,933,225	4.097003	6.165914	1,226,365	
OCTOBER 2008	GULF POWER COMPANY	RE	26,386,649			26,386,649	4.096998	6.000209	1,081,062	
NOVEMBER 2008	GULF POWER COMPANY	RE	25,050,606			25,050,606	4.097001	6.006681	1,026,324	
DECEMBER 2008	GULF POWER COMPANY	RE	31,230,508			31,230,508	4.096998	6.106878	1,279,514	
TOTAL			346,557,628	0	0	346,557,628	4.097000	6.118290	14,198,467	

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**FLORIDA PUBLIC UTILITIES COMPANY**  
**MARIANNA (NORTHWEST DIVISION)**  
**RESIDENTIAL BILL COMPARISON**  
**FOR MONTHLY USAGE OF 1000 KWH**

ESTIMATED FOR THE PERIOD: JANUARY 2008 - DECEMBER 2008

JANUARY 2008	FEBRUARY 2008	MARCH 2008	APRIL 2008	MAY 2008	JUNE 2008	JULY 2008
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BASE RATE REVENUES ** \$						
FUEL RECOVERY FACTOR CENTS/KWH						
GROUP LOSS MULTIPLIER						
FUEL RECOVERY REVENUES \$						
GROSS RECEIPTS TAX						
TOTAL REVENUES *** \$						

AUGUST 2008	SEPTEMBER 2008	OCTOBER 2008	NOVEMBER 2008	DECEMBER 2008	PERIOD TOTAL
----------------	-------------------	-----------------	------------------	------------------	-----------------

BASE RATE REVENUES ** \$					
FUEL RECOVERY FACTOR CENTS/KWH					
GROUP LOSS MULTIPLIER					
FUEL RECOVERY REVENUES \$					
GROSS RECEIPTS TAX					
TOTAL REVENUES *** \$					

\* MONTHLY AND CUMULATIVE SIX MONTH ESTIMATED DATA

\*\* BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE  
 CENTS/KWH  
 CONSERVATION FACTOR



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\*\*\* EXCLUDES FRANCHISE TAXES

**FLORIDA PUBLIC UTILITIES COMPANY**  
**CALCULATION OF PURCHASED POWER COSTS AND CALCULATION OF TRUE-UP AND INTEREST PROVISION**  
**ESTIMATED FOR THE PERIOD: JANUARY 2006 - DECEMBER 2006**  
**BASED ON TWELVE MONTHS ACTUAL**

Schedule M1

**MARIANNA DIVISION**

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Total
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER		
	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006		
Total System Sales - KWH	29,562,352	24,909,037	24,413,482	24,756,095	25,732,093	30,596,141	34,623,228	34,255,425	35,624,818	28,427,870	23,339,935	28,403,744		344,644,220
Total System Purchases - KWH	27,379,744	26,705,114	25,520,327	26,762,533	30,636,387	34,990,035	37,130,081	38,731,829	30,914,235	27,758,617	26,563,904	28,817,035		361,909,841
System Billing Demand - KW	57,440	73,750	45,613	62,137	66,480	73,095	71,860	71,223	60,385	62,902	55,614	71,300		771,799
<b>Purchased Power Rates:</b>														
Base Fuel Costs - \$/KWH	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310		
<b>Demand and Non-Fuel:</b>														
Demand Charge - \$/KW	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10		
Customer Charge - \$	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00		
Transformation Charge	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211		
<b>Purchased Power Costs:</b>														
Base Fuel Costs	632,472	616,888	589,520	618,215	707,701	808,270	857,705	894,705	714,119	641,224	613,626	665,674		8,360,119
Subtotal Fuel Costs	632,472	616,888	589,520	618,215	707,701	808,270	857,705	894,705	714,119	641,224	613,626	665,674		8,360,119
<b>Demand and Non-Fuel Costs:</b>														
Demand Charge	407,824	523,625	323,852	441,173	472,008	518,974	510,206	505,683	428,733	446,604	394,859	506,230		5,479,771
Customer Charge	660	660	660	660	660	660	660	660	660	660	660	660		7,920
Equipment Rental & Other	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768		45,216
Transformation Charge	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211		446,532
Subtotal Demand & Non-Fuel Costs	449,463	565,264	365,491	482,812	513,647	560,613	551,845	547,322	470,372	488,243	436,498	547,869		5,979,439
Total System Purchased Power Costs	1,081,935	1,182,152	955,011	1,101,027	1,221,348	1,368,883	1,409,550	1,442,027	1,184,491	1,129,467	1,050,124	1,213,543		14,339,558
Special Costs	(326)	2,670	(8,304)	68	15,509	52,701	195	13,313	29,860	510	19,878	150,383		276,457
Total Costs and Charges	1,081,609	1,184,822	946,707	1,101,095	1,236,857	1,421,584	1,409,745	1,455,340	1,214,351	1,129,977	1,070,002	1,363,926		14,616,015
<b>Sales Revenues - Fuel Adjustment Revenues:</b>														
Residential RS .04526	657,537	526,746	488,457	455,423	459,968	597,328	712,271	700,502	713,725	515,625	420,331	589,809		6,837,722
Commercial, Small GS .04471	108,817	89,850	92,865	94,492	102,172	121,871	137,752	136,433	143,917	117,237	91,580	101,287		1,338,273
Commercial, Large GSD .04275	308,363	271,494	280,456	301,157	319,422	360,980	394,001	393,242	416,616	351,120	275,924	299,454		3,972,229
Industrial GSLD .04099	203,144	184,016	186,895	209,508	220,677	237,797	252,499	249,980	264,899	236,455	209,693	232,374		2,687,937
Outside Lighting Private OL,OL-2 .03546	11,669	11,565	11,620	11,664	11,736	11,750	11,787	11,809	11,782	11,842	12,023	11,960		141,207
Street Lighting-Public SL-1, 2, 3 .03553	3,547	3,339	3,365	3,361	3,358	3,367	3,366	3,366	3,373	3,371	3,360	3,358		40,531
Total Fuel Revenues	1,293,077	1,087,010	1,063,658	1,075,605	1,117,333	1,333,093	1,511,676	1,495,332	1,554,312	1,235,650	1,012,911	1,238,242		15,017,899
Non-Fuel Revenues	722,986	646,744	635,696	628,948	637,215	718,079	781,843	790,651	796,241	682,058	610,275	695,296		8,336,032
Total Sales Revenue	2,016,063	1,733,754	1,699,354	1,704,553	1,754,548	2,051,172	2,293,519	2,275,983	2,350,553	1,917,708	1,623,186	1,933,538		23,353,931
<b>KWH Sales:</b>														
Residential RS	14,529,729	11,638,875	10,793,731	10,062,946	10,165,431	13,198,454	15,738,205	15,478,432	15,770,326	11,393,132	9,287,557	13,032,294		151,089,112
Commercial, Small GS	2,434,000	2,009,711	2,077,138	2,113,535	2,285,305	2,725,948	3,081,146	3,051,677	3,219,053	2,623,637	2,048,407	2,265,526		29,935,083
Commercial, Large GSD	7,213,445	6,350,857	6,560,489	7,044,742	7,471,987	8,444,121	9,216,559	9,198,831	9,745,564	8,213,479	6,454,463	7,004,902		92,919,439
Industrial GSLD	4,955,884	4,489,232	4,559,488	5,111,112	5,383,628	5,801,264	6,159,944	6,098,472	6,462,464	5,768,552	5,115,648	5,669,000		65,574,688
Outside Lighting-Private OL,OL-2	329,476	326,392	327,929	329,177	331,221	331,599	332,640	333,259	332,498	334,188	339,298	337,522		3,985,199
Street Lighting-Public SL-1, 2, 3	99,818	93,970	94,707	94,583	94,521	94,755	94,734	94,754	94,913	94,882	94,562	94,500		1,140,699
Total KWH Sales	29,562,352	24,909,037	24,413,482	24,756,095	25,732,093	30,596,141	34,623,228	34,255,425	35,624,818	28,427,870	23,339,935	28,403,744		344,644,220
<b>True-up Calculation:</b>														to Date
Fuel Revenues	1,293,077	1,087,010	1,063,658	1,075,605	1,117,333	1,333,093	1,511,676	1,495,332	1,554,312	1,235,650	1,012,911	1,238,242		15,017,899
True-up Provision for the Period - collect/(refund)	61,856	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847		742,173
Gross Receipts Tax Refund	0	0	0	0	0	0	0	0	0	0	0	0		0
Fuel Revenue	1,231,221	1,025,163	1,001,811	1,013,758	1,055,486	1,271,246	1,449,829	1,433,485	1,492,465	1,173,803	951,064	1,176,395		14,275,726
Total Purchased Power Costs	1,081,609	1,184,822	946,707	1,101,095	1,236,857	1,421,584	1,409,745	1,455,340	1,214,351	1,129,977	1,070,002	1,363,926		14,616,015
True-up Provision for the Period	149,612	(159,659)	55,104	(87,337)	(181,371)	(150,338)	40,084	(21,855)	278,114	43,826	(118,938)	(187,531)		(340,289)
Interest Provision for the Period	(2,336)	(2,192)	(2,229)	(2,155)	(2,516)	(3,057)	(3,145)	(2,838)	(1,991)	(1,022)	(918)	(1,323)		(25,722)
True-up and Interest Provision	(742,173)	(533,041)	(633,045)	(518,323)	(545,968)	(668,008)	(759,556)	(660,770)	(623,616)	(285,646)	(180,995)	(239,004)		(742,173)
Beginning of Period	61,856	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847		742,173
True-up Collected or (Refunded)	(533,041)	(633,045)	(518,323)	(545,968)	(668,008)	(759,556)	(660,770)	(623,616)	(285,646)	(180,995)	(239,004)	(366,011)		(366,011)
End of Period, Net True-up														-2.55%
<b>10% Rule - Interest Provision:</b>														
Beginning True-up Amount	(742,173)	(533,041)	(633,045)	(518,323)	(545,968)	(668,008)	(759,556)	(660,770)	(623,616)	(285,646)	(180,995)	(239,004)		
Ending True-up Amount Before Interest	(530,705)	(630,853)	(516,094)	(543,813)	(665,492)	(756,499)	(657,625)	(620,778)	(283,655)	(179,973)	(238,086)	(364,688)		
Total Beginning and Ending True-up	(1,272,878)	(1,163,894)	(1,149,139)	(1,062,136)	(1,211,460)	(1,424,507)	(1,417,181)	(1,281,548)	(907,271)	(465,619)	(419,081)	(603,692)		
Average True-up Amount	(636,439)	(581,947)	(574,570)	(531,068)	(605,730)	(712,254)	(708,591)	(640,774)	(453,636)	(232,810)	(209,541)	(301,846)		
Average Annual Interest Rate	4.4050%	4.5200%	4.6550%	4.8700%	4.9850%	5.1500%	5.3250%	5.3150%	5.2650%	5.2650%	5.2600%	5.2600%		
Monthly Average Interest Rate	0.3671%	0.3767%	0.3879%	0.4058%	0.4154%	0.4292%	0.4438%	0.4429%	0.4388%	0.4388%	0.4383%	0.4383%		
Interest Provision	(2,336)	(2,192)	(2,229)	(2,155)	(2,516)	(3,057)	(3,145)	(2,838)	(1,991)	(1,022)	(918)	(1,323)		

Exhibit No. \_\_\_\_\_  
DOCKET NO. \_\_\_\_\_  
Florida Public Utilities Company  
(CMM-1)  
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FLORIDA PUBLIC UTILITIES COMPANY  
 CALCULATION OF PURCHASED POWER COSTS AND  
 CALCULATION OF TRUE-UP AND INTEREST PROVISION  
 ESTIMATED FOR THE PERIOD: JANUARY 2006 - DECEMBER 2006  
 BASED ON SIX MONTHS ACTUAL & SIX MONTHS ESTIMATED

MARIANNA DIVISION

	ACTUAL JANUARY 2006	ACTUAL FEBRUARY 2006	ACTUAL MARCH 2006	ACTUAL APRIL 2006	ACTUAL MAY 2006	ACTUAL JUNE 2006	Estimated JULY 2006	Estimated AUGUST 2006	Estimated SEPTEMBER 2006	Estimated OCTOBER 2006	Estimated NOVEMBER 2006	Estimated DECEMBER 2006	Total
Total System Sales - KWH	29,562,352	24,909,037	24,413,482	24,756,095	25,732,093	30,596,141	32,258,200	31,570,600	30,086,600	26,930,000	23,833,900	25,641,200	330,289,700
Total System Purchases - KWH	27,379,744	26,705,114	25,520,327	26,762,533	30,636,387	34,990,035	34,009,915	34,484,049	29,636,857	26,125,396	24,802,581	31,542,814	352,595,752
System Billing Demand - KW	57,440	73,750	45,613	62,137	66,480	73,095	65,932	67,517	62,934	50,673	48,443	63,342	737,356
Purchased Power Rates:													
Base Fuel Costs - \$/KWH	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	0.02310	
Demand and Non-Fuel:													
Demand Charge - \$/KW	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	
Customer Charge - \$	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	660.00	
Transformation Charge	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	
Purchased Power Costs:													
Base Fuel Costs	632,472	616,888	589,520	618,215	707,701	808,270	785,629	796,582	684,611	603,497	572,940	728,639	8,144,964
Subtotal Fuel Costs	632,472	616,888	589,520	618,215	707,701	808,270	785,629	796,582	684,611	603,497	572,940	728,639	8,144,964
Demand and Non-Fuel Costs:													
Demand Charge	407,824	523,625	323,852	441,173	472,008	518,974	468,116	479,370	446,830	359,777	343,944	449,727	5,235,220
Customer Charge	660	660	660	660	660	660	660	660	660	660	660	660	7,920
Equipment Rental & Other	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	3,768	45,216
Transformation Charge	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	37,211	446,532
Subtotal Demand & Non-Fuel Costs	449,463	565,264	365,491	482,812	513,647	560,613	509,755	521,009	488,469	401,416	385,583	491,366	5,734,888
Total System Purchased Power Costs	1,081,935	1,182,152	955,011	1,101,027	1,221,348	1,368,883	1,295,384	1,317,591	1,173,080	1,004,913	958,523	1,220,005	13,879,852
Special Costs	(326)	2,670	(8,304)	68	15,509	52,701							62,318
Total Costs and Charges	1,081,609	1,184,822	946,707	1,101,095	1,236,857	1,421,584	1,295,384	1,317,591	1,173,080	1,004,913	958,523	1,220,005	13,942,170
Sales Revenues - Fuel Adjustment Revenues													
Residential RS 0.04526	657,537	526,746	488,457	455,423	459,968	597,328	639,995	628,222	589,258	505,654	412,368	500,666	6,461,622
Commercial, Small GS 0.04471	108,817	89,850	92,865	94,492	102,172	121,871	133,948	130,513	123,206	113,515	99,496	98,564	1,309,309
Commercial, Large GSD 0.04275	308,363	271,494	280,456	301,157	319,422	360,980	393,521	393,672	372,738	356,739	325,675	321,603	4,005,820
Industrial GSLD 0.04099	203,144	184,016	186,895	209,508	220,677	237,797	225,703	211,254	212,357	182,901	183,213	181,918	2,439,383
Outside Lighting Private OL, OL-2 0.03546	11,669	11,565	11,620	11,664	11,736	11,750	11,485	11,432	11,546	11,553	11,471	11,588	139,079
Street Lighting, Public SL-1, SL-2, SL-3 0.03553	3,547	3,339	3,365	3,361	3,358	3,367	3,073	3,066	3,063	3,063	3,059	3,088	38,749
Total Fuel Revenues	1,293,077	1,087,010	1,063,658	1,075,605	1,117,333	1,333,093	1,407,725	1,378,159	1,312,168	1,173,425	1,035,282	1,117,427	14,393,962
Non-Fuel Revenues	722,986	646,744	635,696	628,948	637,215	718,079	658,275	655,241	627,232	568,375	522,118	580,573	7,601,482
Total Sales Revenue	2,016,063	1,733,754	1,699,354	1,704,553	1,754,548	2,051,172	2,066,000	2,033,400	1,939,400	1,741,800	1,557,400	1,698,000	21,995,444
KWH Sales:													
Residential RS	14,529,729	11,638,875	10,793,731	10,062,946	10,165,431	13,198,454	14,140,400	13,880,300	13,019,400	11,172,200	9,111,100	11,062,000	142,774,566
Commercial GS	2,434,000	2,009,711	2,077,138	2,113,535	2,285,305	2,725,948	2,995,940	2,919,100	2,755,680	2,538,920	2,225,360	2,204,520	29,285,157
Commercial GSD	7,213,445	6,350,857	6,560,489	7,044,742	7,471,987	8,444,121	9,205,160	9,208,700	8,719,020	8,344,780	7,618,140	7,522,880	93,704,321
Industrial GSLD	4,955,884	4,489,232	4,559,488	5,111,112	5,383,628	5,801,264	5,506,300	5,153,800	5,180,700	4,462,100	4,469,700	4,438,100	59,511,308
Residential OL, OL-2	329,476	326,392	327,929	329,177	331,221	331,599	323,900	322,400	325,600	325,800	323,500	326,800	3,923,794
Other SL-1, SL-2, SL-3	99,818	93,970	94,707	94,583	94,521	94,755	86,500	86,300	86,200	86,200	86,100	86,900	1,090,554
Total KWH Sales	29,562,352	24,909,037	24,413,482	24,756,095	25,732,093	30,596,141	32,258,200	31,570,600	30,086,600	26,930,000	23,833,900	25,641,200	330,289,700
True-up Calculation:													to Date
Fuel Revenues	1,293,077	1,087,010	1,063,658	1,075,605	1,117,333	1,333,093	1,407,725	1,378,159	1,312,168	1,173,425	1,035,282	1,117,427	14,393,962
True-up Provision for the Period - collect/(refund)	61,856	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	742,173
Gross Receipts Tax Refund	0	0	0	0	0	0	0	0	0	0	0	0	0
Fuel Revenue	1,231,221	1,025,163	1,001,811	1,013,758	1,055,486	1,271,246	1,345,878	1,316,312	1,250,321	1,111,578	973,435	1,055,580	13,651,789
Total Purchased Power Costs	1,081,609	1,184,822	946,707	1,101,095	1,236,857	1,421,584	1,295,384	1,317,591	1,173,080	1,004,913	958,523	1,220,005	13,942,170
True-up Provision for the Period	149,612	(159,659)	55,104	(87,337)	(181,371)	(150,338)	50,494	(1,279)	77,241	106,665	14,912	(164,425)	(290,381)
Interest Provision for the Period	(2,336)	(2,192)	(2,229)	(2,155)	(2,516)	(3,057)	(3,019)	(2,661)	(2,244)	(1,593)	(1,074)	(1,134)	(26,210)
True-up and Interest Provision													
Beginning of Period	(742,173)	(533,041)	(633,045)	(518,323)	(545,968)	(668,008)	(759,556)	(650,234)	(592,327)	(455,483)	(288,564)	(212,879)	(742,173)
True-up Collected or (Refunded)	61,856	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	61,847	742,173
End of Period, Net True-up	(533,041)	(633,045)	(518,323)	(545,968)	(668,008)	(759,556)	(650,234)	(592,327)	(455,483)	(288,564)	(212,879)	(316,591)	(316,591)
10% Rule - Interest Provision													-2.28%
Beginning True-up Amount	(742,173)	(533,041)	(633,045)	(518,323)	(545,968)	(668,008)	(759,556)	(650,234)	(592,327)	(455,483)	(288,564)	(212,879)	(212,879)
Ending True-up Amount Before Interest	(530,705)	(630,853)	(516,094)	(543,813)	(665,492)	(756,499)	(647,215)	(589,666)	(453,239)	(286,971)	(211,805)	(315,457)	(315,457)
Total Beginning and Ending True-up	(1,272,878)	(1,163,894)	(1,149,139)	(1,062,136)	(1,211,460)	(1,424,507)	(1,406,771)	(1,239,900)	(1,045,566)	(742,454)	(500,369)	(528,336)	(528,336)
Average True-up Amount	(636,439)	(581,947)	(574,570)	(531,068)	(605,730)	(712,254)	(703,386)	(619,950)	(522,783)	(371,227)	(250,185)	(264,166)	(264,166)
Average Annual Interest Rate	4.4050%	4.5200%	4.6550%	4.8700%	4.9850%	5.1500%	5.1500%	5.1500%	5.1500%	5.1500%	5.1500%	5.1500%	5.1500%
Monthly Average Interest Rate	0.3671%	0.3767%	0.3879%	0.4058%	0.4154%	0.4292%	0.4292%	0.4292%	0.4292%	0.4292%	0.4292%	0.4292%	0.4292%
Interest Provision	(2,336)	(2,192)	(2,229)	(2,155)	(2,516)	(3,057)	(3,019)	(2,661)	(2,244)	(1,593)	(1,074)	(1,134)	(1,134)

**FLORIDA PUBLIC UTILITIES COMPANY**  
**MARIANNA DIVISION**  
 COMPARISON OF ESTIMATED/ACTUAL VERSUS ORIGINAL PROJECTIONS  
 OF THE FUEL AND PURCHASED POWER COST RECOVERY FACTOR  
 FOR THE PERIOD JANUARY 2006 - DECEMBER 2006

SCHEDULE E1-B1

	DOLLARS				MWH				CENTS/KWH			
	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%
1 Fuel Cost of System Net Generation (A3)					0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
2 Nuclear Fuel Disposal Cost												
3 Coal Car Investment												
4 Adjustments to Fuel Cost (A2, Page 1)												
5 TOTAL COST OF GENERATED POWER	0	0	0	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
6 Fuel Cost of Purchased Power (Exclusive of Economy) (A7)	8,144,964	7,971,753	173,211	2.2%	352,596	345,097	7,499	2.2%	2.31000	2.31000	0.00000	0.0%
7 Energy Cost of Sched C & X Econ Purch (Broker)(A9)												
8 Energy Cost of Other Econ Purch (Non-Broker)(A9)												
9 Energy Cost of Sched E Economy Purch (A9)												
10 Demand and Non Fuel Cost of Purchased Power (A9)	5,734,888	5,542,466	192,422	3.5%	352,596	345,097	7,499	2.2%	1.62648	1.60606	0.02042	1.3%
11 Energy Payments to Qualifying Facilities (A8a)												
12 TOTAL COST OF PURCHASED POWER	13,879,852	13,514,219	365,633	2.7%	352,596	345,097	7,499	2.2%	3.93647	3.91606	0.02041	0.5%
13 TOTAL AVAILABLE MWH (LINE 5 + LINE 12)					352,596	345,097	7,499	2.2%				
14 Fuel Cost of Economy Sales (A6)												
15 Gain on Economy Sales (A6)												
16 Fuel Cost of Unit Power Sales (SL2 Partpts)(A6)												
17 Other Fuel Related Costs	65,832											
18 TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 14 + 15 + 16 + 17)	65,832	0	65,832	0.0%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
19 NET INADVERTENT INTERCHANGE												
20 TOTAL FUEL AND NET POWER TRANSACTIONS (LINES 5 + 12 + 18 + 19)	13,945,684	13,514,219	431,465	3.2%	352,596	345,097	7,499	2.2%	3.95515	3.91606	0.03909	1.0%
21 Net Unbilled Sales	312,773 *	209,078 *	103,695	49.6%	7,908	5,339	2,569	48.1%	0.09470	0.06421	0.03049	47.5%
22 Company Use	11,628 *	13,393 *	(1,765)	-13.2%	294	342	(48)	-14.0%	0.00352	0.00411	(0.00059)	-14.4%
23 T & D Losses	557,834 *	540,573 *	17,261	3.2%	14,104	13,804	300	2.2%	0.16889	0.16602	0.00287	1.7%
24 SYSTEM KWH SALES	13,945,684	13,514,219	431,465	3.2%	330,290	325,612	4,678	1.4%	4.22226	4.15040	0.07186	1.7%
25 Wholesale KWH Sales												
26 Jurisdictional KWH Sales	13,945,684	13,514,219	431,465	3.2%	330,290	325,612	4,678	1.4%	4.22226	4.15040	0.07186	1.7%
26a Jurisdictional Loss Multiplier	1.000	1.000	0.000	0.0%	1.000	1.000	0.000	0.0%	1.000	1.000	0.00000	0.0%
27 Jurisdictional KWH Sales Adjusted for Line Losses	13,945,684	13,514,219	431,465	3.2%	330,290	325,612	4,678	1.4%	4.22226	4.15040	0.07186	1.7%
28 GPIF**												
29 TRUE-UP**	742,173	688,291	53,882	7.8%	330,290	325,612	4,678	1.4%	0.22470	0.21138	0.01332	6.3%
30 TOTAL JURISDICTIONAL FUEL COST	14,687,857	14,202,510	485,347	3.4%	330,290	325,612	4,678	1.4%	4.44696	4.36179	0.08517	2.0%
31 Revenue Tax Factor									1.00072	1.00072	0.00000	0.0%
32 Fuel Factor Adjusted for Taxes									4.45016	4.36493	0.08523	2.0%
33 FUEL FAC ROUNDED TO NEAREST .001 (CENTS/KWH)									4.450	4.365	0.085	2.0%

\*Included for Informational Purposes Only  
 \*\*Calculation Based on Jurisdictional KWH Sales