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August 30, 2013

BY E-PORTAL/ELECTRONIC FILING

Ms. Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: **Docket No. 130001-EI: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor**

Dear Ms. Cole:

Attached for electronic filing, please find the Petition for Approval of Fuel Adjustment and Purchased Power Cost Recovery Factors submitted on behalf of Florida Public Utilities Company, along with the Direct Testimony and Exhibit CDY-3 of Mr. Curtis Young, the Direct Testimony and Exhibit CMM-1 of Ms. Cheryl Martin, and the Direct Testimony and Exhibit PMC-1 of Mr. Mark Cutshaw. Consistent with the directions for this docket, copies of the Petition, Testimonies, and Exhibits are being provided to Staff Counsel.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK
cc:/(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 130001-EI DATED: August 30, 2013

FLORIDA PUBLIC UTILITIES COMPANY'S PETITION FOR APPROVAL OF FUEL ADJUSTMENT AND PURCHASED POWER COST RECOVERY FACTORS

Florida Public Utilities Company (FPUC or Company), by and through its undersigned counsel, hereby files this Petition asking the Florida Public Service Commission (FPSC or Commission) for approval of FPUC's fuel adjustment and purchased power cost recovery factors for the period January 2014 through December 2014. In support of this request, the Company hereby states:

1) FPUC is an electric utility subject to the Commission's jurisdiction. Its principal business address is:

Florida Public Utilities Company
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409

2) The name and mailing address of the persons authorized to receive notices are:

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cheryl Martin
Florida Public Utilities Company
1641 Worthington Road,
Suite 220
West Palm Beach, FL
33409

3) Consistent with the requirements for this proceeding, the Company has prefiled the fuel adjustment and purchased power cost recovery schedules supplied by the Commission consistent with the requirements for such filings, and have reflected therein the Company's calculated fuel adjustment factors for the Company's Northwest (Marianna) and Northeast (Fernandina Beach) divisions.

4) In accordance with Order PSC-13-0069-PCO-EI, issued February 4, 2013, in this Docket, the Company is also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibits CDY – 3 of Mr. Curtis D. Young, the Direct Testimony and Exhibit PMC-1 of Mr. Mark Cutshaw in support of the Company's request for approval of the requested factors.

5) The Company is further providing the Direct Testimony and Exhibit CMM-1 of Ms. Cheryl M. Martin, which includes additional supporting information, particularly as it relates to recovery of legal and consulting fees associated directly with fuel-related projects that have produced savings for customers in the Company's Northwest Division.

6) As set forth in the Testimony and Exhibits of Mr. Young, the Company's total true-up amounts that would be collected or refunded during the period January 2014 through December 2014 are an under-recovery of $755,373 for the Marianna Division. Based on estimated sales for January 2014 through December 2014, an additional .22876¢ per kWh will need to be collected to address this under-recovery. With regard to the Fernandina Beach (Northeast) Division, the total true-amount is an over-recovery of $2,685,677, which equates to an amount of .91612¢ per kWh to be refunded during 2014. Pages 3 and 10 of Composite Exhibit Number CDY-3 provides the detailed calculations of the respective true-up amounts.

7) Based upon the Company's projections and the total true-up amounts to be collected for both Divisions, the appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2014 through December 2014, excluding demand cost recovery and adjusted for line loss multipliers and including taxes, are as follows:

Northwest Division

Rate Schedule	*Adjustment*
RS	$0.10185
GS	$0.09829
GSD	$0.09322
GSLD	$0.08965
OL,Ol1	$0.07595
SL1, SL2, and SL3	$0.07616
Step rate for RS	
RS with less than 1,000 kWh/month	$0.09740
RS with more than 1,000 kWh/month	$0.10990

Northeast Division

Rate Schedule	*Adjustment*
RS	$0.09337
GS	$0.08335
GSD	$0.08220
GSLD	$0.08245
OL	$0.05228
SL	$0.05206
Step rate for RS	
RS with less than 1,000 kWh/month	$0.08975
RS with more than 1,000 kWh/month	$0.10225

8) The total fuel adjustment factor for the Northwest Division is 6.069¢ per kWh for "other classes." As further explained in Ms. Martin's testimony, Amendment No. 1 to FPUC's Generation Services Agreement has been reinstated as a direct result of the settlement of the Company's civil litigation with the City of Marianna. Consequently, Gulf Power Company has made a capacity true-up payment this year to FPUC. The Company further seeks approval to recover litigation and consulting costs associated with its lengthy litigation with the City of Marianna through the fuel clause, if the Commission rejects the Stipulation and Settlement filed on August 30, 2013, between the Company and the Office of Public Counsel. Therein, the Company and OPC propose that the capacity true-up payment made by Gulf be used to offset the regulatory asset established in Docket No. 120227-EI for the Company's Marianna litigation costs. If the Commission rejects that proposal, the Company seeks, as set forth in Ms. Martin's Testimony, to recognize both the Gulf capacity true-up payments, as well as the litigation costs currently held in the regulatory asset established in Docket No. 120227-EI, through the Fuel Cost Recovery process. As Ms. Martin notes, in the event that recovery through the Clause is deemed more appropriate, the Gulf capacity true-up payment will largely offset the remaining costs held in the regulatory asset. Therefore, if this approach is approved, the typical residential customer in the Northwest Division will pay $133.31, a decrease of $2.03 from the prior period.

9) With regard to the Northeast Division, the total fuel adjustment factor for the Northeast Division is 4.844¢ per kWh for "other classes." Thus, a customer in Fernandina Beach using 1,000 kWh will pay $125.47, a decrease of $8.88 from the prior period.

10) The Company has also adjusted the Time of Use (TOU) and Interruptible rates for the 2014 period. The Company submits that the methodology used to compute the rates reflected below is consistent with the methodology previously approved by the Commission.

Time of Use/Interruptible

Rate Schedule	*Adjustment On Peak*	*Adjustment Off Peak*
RS	$0.18140	$0.05840
GS	$0.13829	$0.04829
GSD	$0.13322	$0.06072
GSLD	$0.14965	$0.05965
Interruptible	$0.07465	$0.08965

11) The Company attests that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Company asks that the Commission approve the proposed factors as set forth herein.

WHEREFORE, FPUC respectfully requests that the Commission approve the Company's proposed fuel adjustment and purchased power cost recovery factors and step billing for January 2014 through December 2014.

RESPECTFULLY SUBMITTED this 30th day of August, 2013.

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by US Mail this 30th day of August, 2013.

Martha Barrera/Julia Gilcher Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 Mbarrera@PSC.STATE.FL.US	James D. Beasley/J. Jeffry Wahlen Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 jbeasley@ausley.com jwahlen@ausley.com
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Cheryl Martin Florida Public Utilities Company 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409 Cheryl_Martin@fpuc.com	Florida Retail Federation Robert Scheffel Wright/John T. LaVia Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com

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By: Beth Keating

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 130001-EI
FUEL AND PURCHASED POWER RECOVERY CLAUSE

Testimony of
P. Mark Cutshaw
On Behalf of
Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is P. Mark Cutshaw and my business address is 911 South 8th Street, Fernandina Beach, Florida 32034.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Public Utilities Company and serve as the Director, System Planning and Engineering.

Q. What is the purpose of your testimony?

A. My testimony focuses on allocations of transmission costs for FPU customers in both the Northwest and Northeast Florida Divisions. The transmission costs involve both base rates and the fuel adjustment factors contained within the rate. My testimony will provide the background information surrounding this issue and a solution that will provide improved rate equity for all FPU customers.

Q. Can you please provide a brief overview of your professional background?

A. I have been employed by Florida Public Utilities Company for twenty two years and have served in the role of General Manager and Director in both the Northwest and Northeast Florida Divisions. During this time I have been involved in the management, operations and regulatory activities of the electric divisions and have had the opportunity to be involved in a number of Dockets filed before the FPSC during which I provided testimony on several different topics.

Q. Have you previously testified in this Docket?

A. No, though I have filed testimony in fuel and non-fuel related dockets of the Florida Public Service Commission (Florida PSC) in previous years.

Q. Have you previously been involved in FPU rate development with respect to cost allocation issues?

A. Yes, I have been involved in the cost allocation issues in the two previous rate proceedings filed by FPU and have also been involved in cost allocation related to the fuel adjustment clause in this docket.

Q. What other dockets in which you have been involved has bearing on this docket?

A. Docket #030438-EI, Florida Public Utilities Company (FPU) MFR before the Florida Public Service Commission (FPSC) included the consolidation of base rates between the Northeast and Northwest divisions. Prior to this filing, rates between the two divisions were separately determined based upon the rate base, expenses and purchased power contacts for that specific division. All rate proceedings were filed separately and were approved by the FPSC.

Docket #031135-EI, Petition for approval to implement consolidated fuel adjustment surcharge by FPU was not approved by the FPSC. The intent for this docket was to allow for a consolidated fuel adjustment surcharge that would co-exist with the consolidated base rates in order to provide cost allocation equity for all FPU electric customers. This decision required that the fuel adjustment surcharge in both divisions be based solely on the purchase power contracts for that respective division.

Docket #070304-EI, Florida Public Utilities Company (FPU) MFR before the Florida Public Service Commission (FPSC) continued the consolidation of base rates between the two divisions while the fuel adjustment surcharge remained separated by division.

Q. Can you briefly describe the operational aspects of the two electric divisions within FPU?

A. Yes. The Company provides retail electricity services in two non-contiguous service regions including the Northeast and Northwest Divisions, both located in northern Florida. Separated by over 225 miles, the distribution facilities of the two divisions are planned and managed separately.

The Northwest Florida Division receives generation and transmission service from Southern Company at five Gulf Power Company owned substation locations within the division. FPU owns and operates a substation interconnection within each of the substations and then provides distribution service to retail electric customers.

The Northeast Florida Division receives generation and transmission service from JEA at a JEA owned substation in Nassau County but outside the retail service territory for the division. FPU owns and operates transmission lines to four FPU owned and operated substations and then provides distribution service to retail electric customers. The Northeast Florida Division also provides transmission service to two industrial customers.

Q. Can you briefly describe value of the transmission assets in the Northeast and Northwest Florida Divisions?

A. The Northeast Florida Division currently has approximately $4.5 million of transmission plant assets included in the base rates for FPU electric customers. Based upon the 2007 rate proceeding, the transmission assets in Northeast Florida represent approximately 10% of total plant assets. (Docket #070304-EI, MFR Schedule E-3a, page 1 of 2) The Northwest Florida Division has no transmission plant assets. Both divisions have similar investment levels for the remaining plant assets included in the base rates which include substation, distribution, general plant, etc. investments.

Q. What impact does the difference in transmission plant assets have on the rates in the Northeast and Northwest Florida Divisions?

A. This investment in transmission plant assets in the Northeast Florida Division is incorporated into the determination of base rates for all FPU customers. At present, base rates allow revenue recovery in the amount of approximately $1.6 million (See Schedule C) per year based on transmission plant assets which are collected from customers in both divisions. From this it appears that base rates in the Northwest Florida Division include recovery for transmission assets from which they receive no benefit.

Q. What recommendation do you have to address this allocation issue?

A. In order to provide for inter-divisional equity in base rates without a major rate proceeding, it appears that modifications in the fuel adjustment surcharge cost allocations between the divisions would be an acceptable solution to address this situation. Allocation of a portion of the transmission component of the Northwest Florida fuel adjustment surcharge to the Northeast Florida fuel adjustment surcharge would remove much of the inequity that currently exist.

As indicated in Schedule C, approximately $1.6 million is collected through base rates to provide the necessary revenue recovery for the transmission plant assets. Approximately $800,000 is currently recovered from customers in Northwest Florida who do not benefit from the transmission plant assets. To offset this recovery through base rates, we propose to reallocate an equal portion of transmission cost which is included in the Southern Company purchased power agreement from the Northwest Florida fuel adjustment to the Northeast Florida fuel adjustment. This allocation would assign the transmission plant asset cost to the appropriate FPU division and customers receiving the benefit would have this incorporated into the overall rate.

Q. Are there currently other cost allocations within the fuel adjustment clause

that are similar in design to your recommendation?

A. Yes. As part of the Southern Company generation and transmission agreement for the Northwest Florida Division, there exists a distribution facilities charge that is billed each month. This distribution facilities charge covers distribution facilities that are provided by Gulf Power Company. Based on the fact that FPU owned and operated distribution facilities are included within the base rates for both divisions, this distribution facilities charge has been equally allocated between both divisions and recovered within the fuel adjustment surcharge appropriate for the division.

Q. Does Florida Public Utilities Company propose to make base rate changes in the current docket?

A. No, the Company's base rates will remain unchanged at this time.

Q. Does this conclude your testimony?

A. Yes.

Florida Public Utilities
Schedule of Revenue Requirements for Transmission Plant

Schedule C

Gross Value of the Tangible and Intangible Property			$	9,499,372
Accum. Depr. of the Tangible and Intangible Property				(3,445,185)
Net Value of the Tangible and Intangible Property			$	6,054,187
	Cost of capital			
Equity Component	8.44%		$	510,920
Debt Component	2.19%			132,587
Operating Costs				943,891
Total Revenue Requirement			$	**1,587,399**
Transmission Cost Distribution:		Northwest Florida		Northeast Florida
Pre-Distributed Costs	$	1,588,901	$	1,914,049
Distribution: NW Fl.@ 50% to NE Fl.		(794,451)		794,451
Transmission Costs per Fuel Filing	$	**794,450**	$	**2,708,500**
NE Fl. Transmission costs embedded in Base Rates		794,451		(794,451)
Net Transmission Costs	$	1,588,901	$	1,914,049

Plant Assets		Amount
Land Rights	$	23,842
Structures and Improvements		144,150
Station Equipment		3,492,402
Towers and Fixtures		326,682
Poles and Fixtures-Concrete		602,993
Poles and Fixtures-Wood		2,459,894
Overhead Conductors and Devices		2,442,621
Roads and Trails		6,788
Total Plant	$	**9,499,372**

Reserve	Depr. Rates		Depr Exp		Accum. Amount
Land Rights	2.300%	$	548	$	(18,687)
Structures and Improvements	1.800%		2,595		(14,772)
Station Equipment	2.400%		83,818		(1,169,254)
Towers and Fixtures	1.800%		5,880		(183,580)
Poles and Fixtures-Concrete	2.138%		12,892		16,315
Poles and Fixtures-Wood	2.431%		59,800		(1,288,704)
Overhead Conductors and Devices	2.095%		51,173		(781,054)
Roads and Trails	1.500%		102		(5,449)
Total Depreciation Exp / Reserve		$	**216,808**	$	**(3,445,185)**

Overall Weighted Cost Rate	
Equity Cost Rate	11.00%
Weighted Equity Cost Rate	5.18%
Revenue Expansion Factor @	1.629175
Weighted Equity Cost Rate	8.44%
Weighted Debt Cost Rate	2.19%
Overall Weighted Cost Rate	7.37%

Operating Costs		Amount
Operating Expenses (Transmission) - Estimated	$	255,000
Maintenance Expenses (Transmission) - Estimated		351,000
Depreciation Expense		216,808
Property Taxes @ 2%		121,084
Total Operating Costs	$	**943,891**

EXHIBIT NO.__________
DOCKET NO. 130001-E1
FLORIDA PUBLIC UTILITIES COMPANY
(PMC-1)

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 130001-EI
FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR

2014 Projection Testimony of
Cheryl Martin
On Behalf of
Florida Public Utilities Company

Q. Please state your name and business address.

A. Cheryl Martin, 1641 Worthington Road Suite 220, West Palm Beach, FL 33409.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company (FPUC) as the Director of Regulatory Affairs for the Company.

Q. Can you please provide a brief overview of your educational and employment background?

A. I have been employed by FPUC since 1985 and performed numerous accounting and regulatory roles and functions including regulatory accounting (Fuel, PGA, conservation, rate proceedings, Surveillance reports, regulatory reporting), tax accounting, external reports, corporate accounting and Florida accounting. In August 2011 I was promoted to my current position of Director of Regulatory Affairs. I have been an expert witness for numerous proceedings before the Florida Public Service Commission (FPSC). I graduated from Florida State University in 1984 with a BS degree in Accounting. Also, I am a Certified Public Accountant in the state of Florida.

Q. Have you previously testified in this Docket?

A. Yes. I have provided testimony in this proceeding on behalf of Florida Public Utilities on numerous occasions in past years.

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

A. To discuss the reasons that the litigation costs identified by the Company are appropriate for recovery through the fuel clause if the stipulation agreement filed related to the recovery of litigation costs is not approved by the Commission. Specifically, I address the reasons that litigation and consulting fees costs associated with civil proceedings involving the City of Marianna, as well as related costs to the defend Amendment No. 1 to our purchased power agreement with Gulf Power, should be allowed for recovery through the Fuel Clause. I will also address the fact that the litigation costs, if addressed through the clause, would be offset by the retroactive capacity true-up payment received from Gulf Power ("Gulf true-up payment") upon reinstatement of the Amendment No. 1 to the Company's Purchased Power Agreement with Gulf. In offering this testimony, I emphasize that, while the Company believes that the litigation costs are appropriately recoverable through the Fuel Clause, the Company also firmly believes that the best means to address these litigation costs, as well as the referenced Gulf true-up payment, is through the Stipulation and Settlement entered into between the Company and the

Office of Public Counsel and filed in a separate docket on August 30, 2013. If approved, the Stipulation and Settlement provides that the Gulf true-up payment would be applied to offset the costs held in the regulatory asset established by Order No. PSC-12-0060-PAA-EI, issued in Docket No. 120227-EI with any remaining amounts to be amortized consistent with that prior Order. If, however, the Commission rejects that Stipulation and Settlement, the Company believes that recovery through the Fuel Clause of the costs currently held in that regulatory asset is appropriate.

Q. Has the Commission previously reviewed the litigation costs in question?

A. Yes, as noted, the Company requested treatment of these costs as a Regulatory Asset, with permission to amortize these costs over a five year period. This request was addressed in Docket No. 120227-EI. The referenced 5-year period coincides with the term of the original 2007 Gulf Power Amendment Contract. Consistent with Order No. PSC-12-0600-PAA-EI, the costs are currently scheduled to be amortized beginning in 2013 through 2017. By that same Order, the Commission also reserved the right to review these costs if recovery was sought through rates.

Q. Does the Company have a proposal relative the regulatory asset established by Order No. PSC-12-0600-PAA to amortize these costs?

A. Yes. The Company has entered into a Stipulation and Settlement agreement with the Office of Public Counsel for resolution of the litigation costs associated with this regulatory asset, which has been filed for

Commission approval on August 30, 2013. The referenced agreement provides for the offset of $1.87 million in litigation costs with the $1.77 million retroactive refund from Gulf Power Company for fuel costs from 2011 through early 2013. See Schedule A, in Exhibit CMM-1 for a summary of litigation costs. The remaining additional costs would be amortized over the previously approved period beginning in January 2013. Consistent with the Stipulation and Settlement, the litigation costs held in the regulatory asset would be offset by the Gulf true-up payment, and the remaining costs would then be amortized over the original period established by the Commission for this regulatory asset. As previously note, if the Commission rejects the Stipulation and Settlement, the Company believes that recovery through the Fuel Clause of the costs currently held in that regulatory asset is appropriate as I will explain further herein.

Q. Have you prepared an exhibit to show the impact to the Fuel Clause, if the stipulation is not approved?

A. Yes, Exhibit CMM-1, Proforma Schedule E-1b, reflects the refund from Gulf Power Company in fuel costs in April 2012, along with the litigation costs from the city of Marianna in Other Fuel Costs in the same month. The net effect on the fuel clause would be zero; however, the costs and refund from Gulf Power are reflected in the true-up schedule. There would be no impact to the fuel rates for 2014, as the total expected true-up amount for 2013 would remain the same as filed in 2013 CDY-2, Schedule E1b.

Q. Has the Commission allowed recovery of other similar such costs through the fuel clause?

A. Yes, on several occasions. By Order No. 14546, in Docket No. 850001-EI-B, issued July 8, 1985, specific criteria was set forth for establishing the type of expenses eligible for recovery through the fuel and purchased power cost recovery clause. That Order specifies that recoverable amounts should be "[f]ossil fuel related costs normally recovered through base rates but which were not recognized or anticipated in the cost levels used to determine current base rates and which, if expended, will result in fuel savings to customers." Following on this decision, the Commission specifically addressed litigation costs incurred by TECO in litigation involving a dispute between the labor union and Gatliff Coal Company in Order No. 18136, issued in Docket 870001-EI, wherein the Commission allowed recovery of attorneys' fees and interest, stating that ". . .[W]e encourage all reasonable litigation that can reasonably be expected to result in reduced fuel cost for the retail ratepayers." Consistent with this policy, by Order No. PSC-05-1252-FOF-EI, expenses paid by FPUC to Christensen and Associates and associated with the design for a Request for Proposals of Fuel costs, and the evaluation of those responses, were deemed appropriate for recovery. Most recently, Gulf Power Company was allowed to recover litigation costs associated with a breach of contract action against Coalsales II, LLC, as reflected in Order No. PSC-11-0579-FOF-EI, issued in Docket No. 110001-EI.

Q. Is recovery of the litigation costs and legal fees at issue consistent with past Commission precedent?

A. Yes. While the Company believes that addressing these costs through approval of the Stipulation and Settlement is most appropriate in this situation, recovery of the litigation costs at issue through the Clause would be consistent with the Commission's stated policy in that: (1) the costs are fuel-related, (2) the costs would normally have otherwise been recovered through base rates, and (3) the costs do produce (or in this case protect) fuel savings for customers in the Northwest division. Specifically, the costs at issue are directly associated with defending three related issues, each of which ultimately results in fuel savings for customers in the Northwest Division and/or for the customers in the City of Marianna.

In addition, the costs are not tied to the Company's internal staff involvement in fuel and purchased power procurement and administration. Instead, these costs are associated with external contracts, which were unanticipated in the Company's last rate case, and which, consequently, tend to be more volatile depending upon the issue. The projected costs associated with legal and consulting work included in this filing are similar to the consulting and legal fees approved through the aforementioned Orders and to costs approved for recovery by the Company through its fuel rates in Dockets Nos. 110001-EI and 120001-EI, in that these costs are also directly related to addressing fuel costs and producing savings for retail customers. These costs, were not routine, nor were they included in expenses during the last FPUC consolidated electric base rate proceeding and are not being recovered through base rates.

Q. Specifically, what were the costs outside of purchased fuel costs included in the prior years' true-up for FPUC and deemed recoverable in the fuel clause and fuel rates?

A. Among the costs included, and approved, were expenses incurred by Florida Public Utilities through its engagement of Gunster, Yoakley & Stewart, P.A. and Christensen and Associates for assistance in the development and enactment of three projects/programs designed to reduce fuel rates to its customers. The Company also included separate types of administrative costs in the true-up for the Northwest Division and Northeast Division. The Commission staff auditors reviewed these costs in their audits and analysis of fuel related costs included for recovery, and the Commission subsequently approved them for recovery in the fuel rates established in these Divisions.

Q. Please explain why litigation costs associated with the civil litigation with the City of Marianna are appropriate for recovery in the Fuel Clause and related fuel rates?

A. The litigation expenses associated with the dispute with the City of Marianna were reasonably expected to result in reduced fuel costs for the Company's customers both within the City of Marianna and throughout the Northwest Division and, in fact, will result in fuel cost reductions, as expected. Specifically, while the litigation was focused on FPUC's defense of its existing Franchise Agreement with the City, there were integrally related issues that could, and will, directly impact fuel rates in the Northwest Division. The critical issues were: 1) retention and defense of FPUC's time-of-use and interruptible service rates; 2) retention of City of Marianna customers on the FPUC system; and 3) defense (and ultimate dismissal) of the City's appeal of the Commission's decision approving Amendment No. 1 to FPUC's purchased power contract with Gulf Power.

Q. Can you be more specific as to why FPUC's time-of-use (TOU) and interruptible services (IS) rates, and litigation costs associated with those tariff rates, are fuel-related, and therefore appropriate for recovery through the Fuel Clause?

A. Certainly. The TOU/IS rates are structured as a factor that is applied to the bill <u>in lieu of</u> the otherwise applicable fuel factor. It functions, and fluctuates, like the standard fuel factor, according to the fuel and purchased power costs incurred by the Company. The critical difference is that it is structured so that customers that opt for TOU service can revise their usage habits in ways that produce real savings. Thus, the TOU/IS rate is simply a modified fuel factor, which produces <u>additional fuel savings</u> for customers that choose this service option. FPUC's litigation with the City of Marianna involved the propriety of these factors. Had the outcome of the litigation been that the TOU/IS rates were not appropriate; any such Court decision would likely have been raised in the separate appeal of the Commission's decision on those rates that was filed by the City. Had the City succeeded in its appeal before the Supreme Court, FPUC's retail customers throughout the Northwest Division would have been deprived of the benefits and savings associated with the TOU/IS rate schedules.

Q. Can you be more specific as to why FPUC's civil litigation costs associated with the franchise dispute are appropriate for recovery through the Fuel Clause?

A. Had the Company not defended itself in the civil litigation with the City, the Company faced a very real, and reasonable, likelihood that the City would be able to pursue options under the Franchise Agreement to purchase

FPUC's system with the City. Had that occurred, the Company's customers within the City, including the City itself, would have lost the benefit of the TOU/IS rates, as well as the benefits of Amendment No. 1, as further discussed below. Likewise, the Company would have lost a significant portion of the load on its system, which likely would have forced the Company to seek rate relief from the Commission.

Q. Would you please further elaborate on why the retention of the City of Marianna on FPUC's system is a fuel-related issue?

A. Yes. First, by way of background, the Commission will recall that FPUC entered into a new purchased power agreement with Gulf Power that was approved by the Commission in 2007 (2007 Agreement). Under that Agreement, the fuel costs for FPUC's Northwest Division increased rather significantly. Thereafter, in 2009, the Company entered into a new franchise agreement with the City, which required the Company to implement TOU/IS rates. As the purchased power agreement with Gulf Power existed at the time, it was simply not possible to craft such rates. Therefore, the Company pursued modifications to its purchased power agreement with Gulf in order to provide fuel savings that would provide a basis for crafting the TOU/IS rates. The negotiations with Gulf Power proved successful, resulting in Amendment No. 1 to the Company's purchased power agreement with Gulf Power. A portion of the savings produced through that Amendment No. 1 were used to craft the TOU/IS rates, which as I've noted here are essentially modified fuel factors that produce additional fuel savings. The additional savings were flowed through to customers in the Northwest Division. When the City, however, appealed both the Commission's decision on the TOU/IS rates and the decision approving Amendment No. 1, a specific provision in Amendment No. 1 requiring that the decision final and not subject to appeal by July 31, 2011, became of great concern. Under the Amendment, if the decision were not final by July 31, 2011, the Amendment No. 1 would be terminated and the companies were to revert to operating under the 2007 purchased power agreement. Had that occurred, (1) the savings benefits of the Amendment would have been lost for all customers in the Northwest Division; (2) the basis for the TOU/IS rates would have evaporated; and (3) the Company would have had to make a true-up payment to Gulf Power to pay back the savings produced, which would have likely required the Company to seek a mid-course correction to increase its fuel factor for the remainder of 2011. FPUC and Gulf Power were, however, able to reach terms that allowed Amendment No. 1 to live on pending the outcome of litigation, although the companies did revert to operation under the 2007 Agreement as of January 1, 2013. Regardless, whether under the original 2007 Agreement or Amendment No. 1, if FPUC lost the load on its system associated with the City of Marianna, there were significant financial consequences for FPUC. In particular, under Amendment No. 1, if FPUC lost the City of Marianna, and Gulf Power were not selected as the City's power provider, FPUC would have had to continue to pay the higher capacity charges that assumed the City was still on FPUC's system through 2017. This would have resulted in significant increases in FPUC's fuel costs for the remaining customers in the Northwest Division. Thus, FPUC's litigation efforts to protect its franchise agreement helped to avoid the higher fuel costs that would have arisen had the load associated with the City of Marianna left FPUC's system.

Q. Have you prepared an exhibit to demonstrate the extent of the impact associated with losing the City of Marianna load?

A. Yes, I have prepared an exhibit. Schedule B, of Exhibit CMM-2 included with my testimony reflects the estimated savings to customers in the Northwest division over the life of the Amendment No. 1 to the Gulf Power Contract. The customers in the NW division are expected to save approximately $6,000,000 over the life of the Amendment No. 1 fuel Contract over the original Gulf Power Contract. This exhibit also provides an estimate of the cost avoidance to customers in the Northwest division if the City of Marianna had been successful with their purchase of facilities located within city limits, and had purchased their power from a provider other than Gulf Power. The estimate of cost avoidance to customers in the Northwest division was approximately $14,000,000 from 2014 through the end of the original Gulf Power Contract.

Q. How did FPUC's litigation with the City have any impact on the City's appeal to the Supreme Court of the Commission Order approving Amendment No. 1?

A. As the Commission is aware, the appellate process before the Florida Supreme Court was held in abeyance pending the outcome of the litigation. It was always FPUC's belief that the outcome of the litigation would govern how the City would proceed with its appeal of the Order approving Amendment No. 1, as well as the appeal of the TOU/IS rates. The most obvious and direct impact, though, may be seen in the outcome of the settlement agreement reached with the City to avoid going all the way to hearing before the Court in Jackson County. In accordance with the terms of that settlement agreement, the City of Marianna withdrew its appeals of both Commission Orders in Case No. SC12-649 and Case No. SC12-569. Had the Company not aggressively defended its position before the Circuit Court in Jackson County, it likely would not have had the opportunity to enter into the settlement with the City that ultimately resulted in the City withdrawing its appeals, as well as terminating the proceedings before the Circuit Court. Because the City has now withdrawn its appeals in both cases before the Supreme Court, all FPUC customers throughout the Northwest Division can again enjoy the savings benefits associated with Amendment No. 1 and the TOU/IS rates.

Q. Why is it appropriate to view the Gulf true-up payment as a direct offset for the referenced litigation and consulting costs?

A. As noted in the filing in Docket No. 120227-EI, not only are these litigation and consulting costs directly related to preservation of the amended fuel contract, these costs ensured continued fuel savings to the customers in the Northwest division in the form of lower fuel costs. As a result, the Company was also able to preserve the TOU/IS rates, which further accentuate the savings opportunities. Since the savings are associated with the Northwest division, the short-term costs of preserving those savings for the long term should be incurred by the customers that will see the full benefits of these fuel savings. Recovery through base rates would, however, require customers located in our Northeast division to share in the recovery of these prudently incurred costs, which will nonetheless not directly benefit them. Moreover, a rate case, or even a limited proceeding, initiated to include these costs in the Company's base rates would further increase costs for the Company and ultimately its retail customers.

Q. Can you please summarize the Company's position?

A. Again, to be clear, the Company believes that the best way to address all the litigation and consulting costs I have discussed would be through approval of the approach outlined in the Stipulation and Settlement entered into between the Company and the Office of Public Counsel and filed on August 30, 2013. If, however, the Commission does not approve that Stipulation and Settlement, the Company's request is to recover these costs through the Fuel Clause, consistent with past Commission precedent and stated Commission policy regarding recovery of reasonable and prudently incurred litigation costs associated with litigation reasonably expected to reduce fuel costs for ratepayers. The litigation for which these costs were incurred protected fuel savings for the Company's Northwest Division by: (1) preserving Amendment No. 1 to the Company's purchased power agreement with Gulf; (2) preserving the TOU/IS rates for customers in the Division; and (3) retaining the City of Marianna load, which both avoided costly consequences under the Amendment No. 1, but also preserved the ability of the customers within the City to obtain reasonable rates, including the reduced fuel costs that arise under Amendment No. 1 and the TOU/IS rates work in tandem to fulfill the objective contemplated by Order 14546 - Amendment No. 1 produces significant savings which are passed on to customers two ways: (1)through reduced fuel charges; and (2) through the creation of TOU/IS factors that allow customers to enhance or increase the savings that they would see by virtue of the savings produced by Amendment No. 1. Recovery of these costs through the fuel clause will appropriately assess the costs of preserving these benefits to the customers that will receive the benefits without harm to the Company or the general body of ratepayers.

Q. Does this conclude your testimony?

A. Yes

Florida Public Utilities Company
Northwest Division
Litigation Costs with City of Marianna

Schedule A

Page 1 of 1

City of Marianna vs. FPU Litigation Expenses				
	2011	2012	2013	To Date
Baker & Hostetler	$ 536,151.19	$ 825,370.95	$ 245,187.18	**$ 1,606,709.32**
Christensen & Associates	$ -	$ 35,249.00	$ 32,921.00	**$ 68,170.00**
Ron Sachs Communications	$ -	$ -	$ 35,000.00	**$ 35,000.00**
Gunster, Yoakley	$ 52,222.92	$ 25,533.83	$ 41,594.22	**$ 119,350.97**
King and Spalding			$ 40,426.50	**$ 40,426.50**
Total	**$ 588,374.11**	**$ 886,153.78**	**$ 395,128.90**	**$ 1,869,656.79**

City of Marianna vs. FPU Litigation Expense Hours				
	Attorneys	Consultants	Other	To Date
Consultation/Litigation		39.5		**39.5**
Consultation/Tech issues	150.3			**150.3**
Hearing Prep	14.6	123.0		**137.6**
Consultation/Settle strategy	121.7			**121.7**
Response pleadings/motions	240.5			**240.5**
Witness prep/Depositions/Expert	1340.5			**1340.5**
Discovery Requests and Responses	335.3			**335.3**
Conferences, Calls, Correspondence	993.5	75.0		**1068.5**
Negotiations, Research, Experts	715.3			**715.3**
Total	**3911.7**	**237.5**	**0.0**	**4149.2**

EXHIBIT NO.____________
CMM-1
FLORIDA PUBLIC UTILITIES COMPANY
Docket No. 130001-EI

Schedule B

FLORIDA PUBLIC UTLITIES COMPANY

Fuel Filing

Gulf Power Scenario Savings

NORTHWEST FLORIDA DIVISION

	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Gulf Power Agreement	97,944	97,944	97,944	97,944	97,944	97,944	97,944	-	-	
	$ 8.70	$ 9.00	$ 9.50	$ 10.05	$ 10.55	$ 11.15	$ 11.70	$ 12.25	$ 12.80	
	$ 10,225,354	$ 10,577,952	$ 11,165,616	$ 11,812,046	$ 12,399,710	$ 13,104,907	$ 13,751,338	$ -	$ -	
Amend No. 1	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000	91,000	
	$ 8.70	$ 9.00	$ 9.50	$ 10.05	$ 10.55	$ 11.15	$ 11.70	$ 12.25	$ 12.80	
	$ 9,500,400	$ 9,828,000	$ 10,374,000	$ 10,974,600	$ 11,520,600	$ 12,175,800	$ 12,776,400	$ 13,377,000	$ 13,977,600	
Scenario 1	91,000	91,000	91,000	66,000	65,000	64,000	63,000	62,000	61,000	
	$ 8.70	$ 9.00	$ 9.50	$ 10.05	$ 10.55	$ 11.15	$ 11.70	$ 12.25	$ 12.80	
	$ 9,500,400	$ 9,828,000	$ 10,374,000	$ 7,959,600	$ 8,229,000	$ 8,563,200	$ 8,845,200	$ 9,114,000	$ 9,369,600	
Amend No. 1 vs Gulf Power Agreement Savings	$ 724,954	$ 749,952	$ 791,616	$ 837,446	$ 879,110	$ 929,107	$ 974,938	$ -	$ -	$ 5,887,123
Scenario 1 vs Amend No. 1 Savings	$ -	$ -	$ -	$ 3,015,000	$ 3,291,600	$ 3,612,600	$ 3,931,200			$ 13,850,400

EXHIBIT NO.____________

CMM-1

FLORIDA PUBLIC UTILITIES COMPANY

Docket No. 130001-EI

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 130001-EI
FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR

2014 Projection Testimony of
Curtis D. Young
On Behalf of
Florida Public Utilities Company

Q. Please state your name and business address.

A. Curtis D. Young, 1641 Worthington Road Suite 220, West Palm Beach, FL 33409.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company.

Q. Could you give a brief description of your background and business experience?

A. I am the Senior Regulatory Analyst. I have performed various accounting and analytical functions including regulatory filings, revenue reporting, account analysis, recovery rate reconciliations and earnings surveillance. I'm also involved in the preparation of special reports and schedules used internally by division managers for decision making projects. Additionally, I coordinate the gathering of data for the FPSC audits.

Q. Have you previously testified in this Docket?

A. Yes.

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

A. I will briefly describe the basis for the computations that were made in the preparation of the various Schedules that the Company has submitted in support of the January 2014 - December 2014 fuel cost recovery adjustments for its two electric divisions. In addition, I will explain the projected differences between the revenues collected under the levelized fuel adjustment and the purchased power costs allowed in developing the levelized fuel adjustment for the period January 2013 – December 2013 and to establish a "true-up" amount to be collected or refunded during January 2014 - December 2014.

Q. Were the schedules filed by the Company completed by you?

A. Yes.

Q. Which of the Staff's set of schedules has your company completed and filed for approval in this Docket?

A. The Company has filed Schedules E1, E1A, E2, E7, and E10 for the Northwest Division and E1, E1A, E2, E7, E8, and E10 for the Northeast Division. Composite Exhibit Number CDY-3 contains this information. The Company has also introduced Schedules Proforma E-1b, A, B and C reflective of the Stipulation Agreement between FPUC and the Office of Public Counsel (OPC) in this filing. Composite Exhibit Number CMM-1 contains this information with the exception of Schedule C which is contained in Composite Exhibit Number PMC-1.

Q. Did you follow the same procedures that were used in the prior period filings in preparing the projected cost factors for January – December 2014 for both the Northwest and Northeast Divisions?

A. Yes, the Company has generally used the same methodology as in prior period filings; however, in this filing the Company has made some changes in the process. The Company is changing the methodology to estimate a portion of the transmission costs incurred by its Northwest Florida Division that should be distributed to its Northeast Florida Division customers to improve the fairness of the cost allocation.

Q. Why is it appropriate to change the allocation of the transmission costs to the Northeast Florida customers?

A. The transmission charge (associated with transmission facilities in Northwest Florida) within the fuel charge should be allocated more fairly to both divisions in order to offset the disparity that currently exists related to transmission cost recovery in the two divisions. This change will allow all customers to contribute to the Northwest Florida transmission charge within the fuel clause just as all customers contribute to the Northeast Florida transmission related plant included in the consolidated base rates. Our Northwest division pays for a portion of transmission facilities via a transmission charge through the fuel clause, where similar costs in our Northeast division are paid through consolidated base rates since FPU owns the transmission related plant and is included in rate base. In the Northwest division, Gulf Power / Southern Company own the transmission facilities. To allow for fair recovery of these costs, the fuel portion should be allocated between the two electric divisions, similar to the rate base portion included for recovery in consolidated base rates. This allows for equitable cost distribution and recovery between all of our customers. Further details of this process and methodology are addressed in the testimony of Mr. Mark Cutshaw.

Q. What other changes have you made in the methodology of preparing your projected cost factors?

A. The Company has adjusted the rate differential in its residential step rates for both its Northwest Florida and Northeast Florida divisions from one cent to 1.25 cents.

Q. For what purpose was this adjustment made?

A. The Company sees this as a step to help soften the impact of the anticipated fuel costs on its residential customers who are least able to withstand any added costs. This adjustment to the step differential would allow those residential customers whose consumption for any given month is 1,000 KWH or less to be billed at a further reduced rate. Additionally, we believe that this approach will help induce energy conservation.

Q. Did you include costs in addition to the costs specific to purchased fuel in the calculations of your true-up and projected amounts?

A. Yes, included with our fuel and purchased power costs are charges for contracted consultants and legal services that are directly fuel-related and appropriate for recovery in the fuel clause for each respective division.

Q. Please explain how these costs were determined to be recoverable under the fuel clause?

A. Consistent with the Commission's policy set forth in Order No. 14546, issued in Docket No. 850001-EI-B, on July 8, 1985, the other costs included in the fuel clause are directly related to fuel, have not been recovered through base rates, and the fuel related costs are specific to a division rather than related to the consolidated entity.

Specifically, as illustrated in item 10 of Order 14546, the costs the Company has included are fuel-related costs and were not anticipated or included in the cost levels used to establish the current base rates. To be clear, these costs are not tied to the Company's internal staff involvement in fuel and purchased power procurement and administration. Instead, these costs are associated with external contracts, which were unanticipated in the Company's last rate case, and which, consequently, tend to be more volatile depending upon the issue. Similar expenses paid to Christensen and Associates associated with the design for a Request for Proposals of Fuel costs, and the evaluation of those responses, were deemed appropriate for recovery by FPUC through the fuel clause in Order No. PSC-05-1252-FOF-EI, Item II E, issued in Docket No. 050001-EI. Additionally in Docket No. 120001-EI, the Commission determined that many of the costs associated with the legal and consulting work incurred by the Company as fuel related, particularly those costs related to the purchase power agreement review and analysis, were recoverable under the fuel clause. Likewise, the Company believes that the costs addressed herein are appropriate for recovery through the fuel clause.

Q. What were the costs outside of purchased fuel costs, included in the 2013 true-up for Florida Public Utilities Company?

A. Florida Public Utilities engaged Gunster, Yoakley & Stewart, P.A. "Gunster", Christensen and Associates "Christensen" and Sterling Energy Services "Sterling" for assistance in the development and enactment of projects/programs designed to reduce their fuel rates to its customers. The legal and consulting costs associated with the development and negotiations of the power supply contracts (JEA) are appropriate for recovery through the Fuel and Purchased Power cost recovery clause. The Rayonier renewable energy contract was finalized in early 2012. This contract has provided for the purchase of power at rates lower than the existing Purchase Power Agreement between FPUC and JEA. FPUC realized reduced fuel rates for the Northeast Division customers as a result of this agreement, beginning in mid-2012. Christensen and Sterling have been performing due diligence in their occasional review and analysis of the terms of the current Renewable Energy Agreement between FPUC and Rayonier in order to increase the production of renewable energy and for further discovering avenues towards negotiating cost reductions. These costs were not included in expenses during the last FPUC consolidated electric base rate proceeding and are not being recovered through base rates. Christensen has been performing due diligence in their occasional review and analysis of the terms of the current Purchased Power Agreement between FPUC and JEA in the efforts of further discovering avenues towards minimizing cost increases and/or negotiating cost reductions. The resulting savings from their efforts have been included in the 2013 True-up as well as our 2014 Projections. The associated legal and consulting costs, included in the rate calculation of the Company's 2014 Projection factors, were not included in expenses during the last FPUC consolidated electric base rate proceeding and are not being recovered through base rates. Moreover, the aforementioned charges for legal and consulting services in the 2013 true-up were incurred by the Northeast Florida division only and any rate savings derived would solely benefit the Northeast Florida customers. Therefore the Company maintains that the separate type of administrative costs included in its true-up associated with these rate saving endeavors for the customers in its Northeast Florida division are appropriately recoverable through the fuel clause.

Summary Rates

Q. What are the final remaining true-up amounts for the period January – December 2012 for both Divisions?

A. In the Northwest Division, the final remaining true-up amount was an under-recovery of $1,118,689. The final remaining amount for the Northeast Division was an over-recovery of $1,785,473.

Q. What are the estimated true-up amounts for the period of January – December 2013?

A. In the Northwest Division, there is an estimated over-recovery of $363,316. The Northeast Division has an estimated over-recovery of $900,204.

Q. Please address the calculation of the total true-up amount to be collected or refunded during the January - December 2014 year?

A. The Company has determined that at the end of December 2013 based on six months actual and six months estimated. We will have under-recovered $755,373 in purchased power costs in our Northwest Division. Based on estimated sales for the period January - December 2014, it will be necessary to add .22876¢ per KWH to collect this under-recovery. In our Northeast division we will have over-recovered $2,685,677 in purchased power costs. This amount will be refunded at (.91612¢) per KWH during the January - December 2014 period (excludes GSLD1 and Standby customers). Page 3 and 10 of Revised Composite Exhibit Number CDY-3 provides detailed calculations of the respective true-up amounts.

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

A. In the Northwest Division the total fuel adjustment factor as shown on Line 33, Schedule E-1 is 6.069¢ per KWH. In the Northeast Division the total fuel adjustment factor for "other classes", as shown on Line 43, Schedule E-1, is 4.844¢ per KWH.

Q. Please advise what a residential customer using 1,000 KWH will pay for the period January - December 2014 including base rates, conservation cost recovery factors, gross receipts tax and fuel adjustment factor and after application of a line loss multiplier.

A. As shown on Schedule E-10 in Composite Exhibit Number CDY-3, a residential customer in the Northwest Division using 1,000 KWH will pay $133.31, a decrease of $2.03 from the previous period. In the Northeast Division a residential customer using 1,000 KWH will pay $125.47, a decrease of $8.88 from the previous period.

Q. Does this conclude your testimony?

A. Yes.

FLORIDA PUBLIC UTILITIES COMPANY
FUEL AND PURCHASED POWER
COST RECOVERY CLAUSE CALCULATION
ESTIMATED FOR THE PERIOD: JANUARY 2014 - DECEMBER 2014

NORTHWEST FLORIDA DIVISION

		(a) DOLLARS	(b) MWH	(c) 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)	19,156,686	340,113	5.63245
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)	12,282,045	340,113	3.61117
10a	Demand Costs of Purchased Power	11,769,050 *		
10b	Transformation Energy & Customer Costs of Purchased Power	512,995 *		
11	Energy Payments to Qualifying Facilities (E8a)			
12	TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	31,438,731	340,113	9.24361
13	TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	31,438,731	340,113	9.24361
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)	31,438,731	340,113	9.24361
21	Net Unbilled Sales	0 *	0	0.00000
22	Company Use	22,092 *	239	0.00669
23	T & D Losses	893,580 *	9,667	0.27061
24	SYSTEM MWH SALES	31,438,731	330,207	9.52092
25	Less Total Demand Cost Recovery	11,769,050 ***		
26	Jurisdictional MWH Sales	19,669,681	330,207	5.95677
26a	Jurisdictional Loss Multiplier	1.00000	1.00000	
27	Jurisdictional MWH Sales Adjusted for Line Losses	19,669,681	330,207	5.95677
28	Projected Unbilled Revenues	(400,000)	330,207	(0.12114)
29	TRUE-UP **	755,373	330,207	0.22876
30	TOTAL JURISDICTIONAL FUEL COST	20,025,054	330,207	6.06439
31	Revenue Tax Factor			1.00072
32	Fuel Factor Adjusted for Taxes			6.06876
33	FUEL FAC ROUNDED TO NEAREST .001 CENTS/KWH	20,039,472		6.069

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

FLORIDA PUBLIC UTLITIES COMPANY
FUEL FACTOR ADJUSTED FOR
LINE LOSS MULTIPLIER
ESTIMATED FOR THE PERIOD: JANUARY 2014 - DECEMBER 2014

NORTHWEST FLORIDA DIVISION

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				(1)/((2)*8,760)			(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	138,617,000	57.313%	27,609.6	1.089	1.030	30,066.9	142,775,510	48.99%	41.97%
35	GS	31,799,000	63.216%	5,742.3	1.089	1.030	6,253.4	32,752,970	10.19%	9.63%
36	GSD	91,397,000	73.904%	14,117.6	1.089	1.030	15,374.1	94,138,910	25.05%	27.68%
37	GSLD	62,698,000	84.021%	8,518.5	1.089	1.030	9,276.6	64,578,940	15.12%	18.99%
38	OL, OL1	4,554,000	178.492%	291.3	1.089	1.030	317.2	4,690,620	0.52%	1.38%
39	SL1, SL2 & SL3	1,142,000	178.492%	73.0	1.089	1.030	79.5	1,176,260	0.13%	0.35%
40	TOTAL	330,207,000		56,352.3			61,367.7	340,113,210	100.00%	100.00%

		(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		(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	45.20%	3.24%	48.44%	$5,700,927	0.04113	0.04116	0.06069	$0.10185
42	GS	9.41%	0.74%	10.15%	1,194,559	0.03757	0.03760	0.06069	$0.09829
43	GSD	23.12%	2.13%	25.25%	2,971,685	0.03251	0.03253	0.06069	$0.09322
44	GSLD	13.96%	1.46%	15.42%	1,814,788	0.02894	0.02896	0.06069	$0.08965
45	OL, OL1	0.48%	0.11%	0.59%	69,437	0.01525	0.01526	0.06069	$0.07595
46	SL1, SL2 & SL3	0.12%	0.03%	0.15%	17,654	0.01546	0.01547	0.06069	$0.07616
47	TOTAL	92.29%	7.71%	100.00%	$11,769,050				

Step Rate Allocation for Residential Customers

	Rate Schedule	(18) Allocation	(19) Annual kWh	(20) Levelized Adj.	(21) (19) * (20) Revenues
48	RS	Sales	138,617,000	$0.10185	$14,118,141
49	RS	<= 1,000kWh/mo.	89,221,000	$0.09740	$8,689,736
50	RS	> 1,000 kWh/mo.	49,396,000	$0.10990	$5,428,405
51	RS	Total Sales	138,617,000		$14,118,141

TOU Rates

	Rate Schedule	(22) On Peak Rate Differential	(23) Off Peak Rate Differential	(24) Levelized Adj. On Peak	(25) Levelized Adj. Off Peak
52	RS	0.0840	(0.0390)	$0.18140	$0.05840
53	GS	0.0400	(0.0500)	$0.13829	$0.04829
54	GSD	0.0400	(0.0325)	$0.13322	$0.06072
55	GSLD	0.0600	(0.0300)	$0.14965	$0.05965
56	Interruptibl	(0.0150)	-	$0.07465	$0.08965

(2) From Gulf Power Co. 2009 Load Research data results.

EXHIBIT NO.____________
DOCKET NO. _130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)

SCHEDULE E1-A

FLORIDA PUBLIC UTILITIES COMPANY
CALCULATION OF TRUE-UP SURCHARGE
APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD
JANUARY 2013 - DECEMBER 2013
#REF!

NORTHWEST FLORIDA DIVISION

Under-recovery of purchased power costs for the period January 2013 - December 2013. (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 2013; (Estimated)	$	755,373
Estimated kilowatt hour sales for the months of January 2014 - December 2014 as per estimate filed with the Commission.		330,207,000
Cents per kilowatt hour necessary to refund over-recovered purchased power costs over the period January 2014 - December 2014.		0.22876

Exhibit No.________________
DOCKET NO. _130001-EI
Florida Public Utilities Company
(CDY-3)

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

ESTIMATED FOR THE PERIOD: JANUARY 2014 - DECEMBER 2014

LINE NO.		(a) 2014 JANUARY	(b) 2014 FEBRUARY	(c) 2014 MARCH	(d) 2014 APRIL	(e) 2014 MAY	(f) 2014 JUNE	(g) 2014 JULY	(h) 2014 AUGUST	(i) 2014 SEPTEMBER	(j) 2014 OCTOBER	(k) 2014 NOVEMBER	(l) 2014 DECEMBER	(m) TOTAL PERIOD	LINE NO.
1	FUEL COST OF SYSTEM GENERATION														
1a	NUCLEAR FUEL DISPOSAL													0	1
2	FUEL COST OF POWER SOLD													0	1a
3	FUEL COST OF PURCHASED POWER	1,624,049	1,553,271	1,502,277	1,272,599	1,356,313	1,682,063	1,858,774	1,901,008	1,816,424	1,672,490	1,391,877	1,525,541	0 19,156,686	2 3
3a	DEMAND & TRANSFORMATION CHARGE OF PURCHASED POWER	1,025,596	1,024,071	1,022,392	1,022,746	1,022,923	1,024,043	1,024,166	1,023,779	1,023,743	1,023,207	1,022,643	1,022,736	12,282,045	3a
3b	QUALIFYING FACILITIES													0	3b
4	ENERGY COST OF ECONOMY PURCHASES													0	4
5	TOTAL FUEL & NET POWER TRANSACTIONS (SUM OF LINES A-1 THRU A-4)	2,649,645	2,577,342	2,524,669	2,295,345	2,379,236	2,706,106	2,882,940	2,924,787	2,840,167	2,695,697	2,414,520	2,548,277	31,438,731	5
6	LESS: TOTAL DEMAND COST RECOVERY	982,813	981,374	979,757	980,390	980,465	981,189	981,098	980,659	980,726	980,365	980,142	980,072	11,769,050	6
7	TOTAL OTHER COST TO BE RECOVERED	1,666,832	1,595,968	1,544,912	1,314,955	1,398,771	1,724,917	1,901,842	1,944,128	1,859,441	1,715,332	1,434,378	1,568,205	19,669,681	7
7a	SYSTEM KWH SOLD (MWH)	27,994	26,774	25,895	21,936	23,379	28,994	32,040	32,768	31,310	28,829	23,992	26,296	330,207	7a
7b	COST PER KWH SOLD (CENTS/KWH)	5.95425	5.96089	5.96606	5.99451	5.98302	5.94922	5.93584	5.93301	5.93881	5.95002	5.97857	5.96366	5.95677	7b
8	JURISDICTIONAL LOSS MULTIPLIER	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	JURISDICTIONAL COST (CENTS/KWH)	5.95425	5.96089	5.96606	5.99451	5.98302	5.94922	5.93584	5.93301	5.93881	5.95002	5.97857	5.96366	5.95677	9
10	PROJECTED UNBILLED REVENUES (CENTS/KWH)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	(0.12114)	10
11	TRUE-UP (CENTS/KWH)	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	0.22876	11
12	TOTAL	6.06187	6.06851	6.07368	6.10213	6.09064	6.05684	6.04346	6.04063	6.04643	6.05764	6.08619	6.07128	6.06439	12
13	REVENUE TAX FACTOR 0.00072	0.00436	0.00437	0.00437	0.00439	0.00439	0.00436	0.00435	0.00435	0.00435	0.00436	0.00438	0.00437	0.00437	13
14	RECOVERY FACTOR ADJUSTED FOR TAXES	6.06623	6.07288	6.07805	6.10652	6.09503	6.06120	6.04781	6.04498	6.05078	6.06200	6.09057	6.07565	6.06876	14
15	RECOVERY FACTOR ROUNDED TO NEAREST .001 CENT/KWH	6.066	6.073	6.078	6.107	6.095	6.061	6.048	6.045	6.051	6.062	6.091	6.076	6.069	15

EXHIBIT NO. ________
DOCKET NO. _130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)
PAGE 4 OF 14

SCHEDULE E7

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

ESTIMATED FOR THE PERIOD: JANUARY 2014 - DECEMBER 2014

(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 (A) FUEL COST	CENTS/KWH (B) TOTAL COST	TOTAL $ FOR FUEL ADJ. (7) x (8) (A)
JANUARY	2014	GULF POWER COMPANY	RE	28,833,820			28,833,820	5.632445	9.188325	1,624,049
FEBRUARY	2014	GULF POWER COMPANY	RE	27,577,220			27,577,220	5.632442	9.344822	1,553,271
MARCH	2014	GULF POWER COMPANY	RE	26,671,850			26,671,850	5.632445	9.464544	1,502,277
APRIL	2014	GULF POWER COMPANY	RE	22,594,080			22,594,080	5.632444	10.157727	1,272,599
MAY	2014	GULF POWER COMPANY	RE	24,080,370			24,080,370	5.632442	9.879151	1,356,313
JUNE	2014	GULF POWER COMPANY	RE	29,863,820			29,863,820	5.632443	9.060482	1,682,063
JULY	2014	GULF POWER COMPANY	RE	33,001,200			33,001,200	5.632445	8.734955	1,858,774
AUGUST	2014	GULF POWER COMPANY	RE	33,751,040			33,751,040	5.632444	8.664880	1,901,008
SEPTEMBER	2014	GULF POWER COMPANY	RE	32,249,300			32,249,300	5.632445	8.805980	1,816,424
OCTOBER	2014	GULF POWER COMPANY	RE	29,693,870			29,693,870	5.632440	9.077284	1,672,490
NOVEMBER	2014	GULF POWER COMPANY	RE	24,711,760			24,711,760	5.632442	9.769515	1,391,877
DECEMBER	2014	GULF POWER COMPANY	RE	27,084,880			27,084,880	5.632443	9.407378	1,525,541
TOTAL				340,113,210	0	0	340,113,210	5.632444	9.242549	19,156,686

EXHIBIT NO. ________
DOCKET NO. _130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)

FLORIDA PUBLIC UTILITIES COMPANY
NORTHWEST FLORIDA DIVISION
RESIDENTIAL BILL COMPARISON
FOR MONTHLY USAGE OF 1000 KWH

ESTIMATED FOR THE PERIOD: JANUARY 2014 - DECEMBER 2014

	JANUARY 2014	FEBRUARY 2014	MARCH 2014	APRIL 2014	MAY 2014	JUNE 2014	JULY 2014
BASE RATE REVENUES ** $	32.58	32.58	32.58	32.58	32.58	32.58	32.58
FUEL RECOVERY FACTOR CENTS/KWH	9.74	9.74	9.74	9.74	9.74	9.74	9.74
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES $	97.40	97.40	97.40	97.40	97.40	97.40	97.40
GROSS RECEIPTS TAX	3.33	3.33	3.33	3.33	3.33	3.33	3.33
TOTAL REVENUES *** $	133.31	133.31	133.31	133.31	133.31	133.31	133.31

	AUGUST 2014	SEPTEMBER 2014	OCTOBER 2014	NOVEMBER 2014	DECEMBER 2014	PERIOD TOTAL
BASE RATE REVENUES ** $	32.58	32.58	32.58	32.58	32.58	390.96
FUEL RECOVERY FACTOR CENTS/KWH	9.74	9.74	9.74	9.74	9.74	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES $	97.40	97.40	97.40	97.40	97.40	1,168.80
GROSS RECEIPTS TAX	3.33	3.33	3.33	3.33	3.33	39.96
TOTAL REVENUES *** $	133.31	133.31	133.31	133.31	133.31	1,599.72

* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

** BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE	12.00
CENTS/KWH	19.58
CONSERVATION FACTOR	1.000
	32.58

*** EXCLUDES FRANCHISE TAXES

EXHIBIT NO. ____________
DOCKET NO. _130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)

FLORIDA PUBLIC UTILITIES COMPANY

FUEL AND PURCHASED POWER
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2014 THROUGH DECEMBER 2014

NORTHEAST FLORIDA DIVISION

		(a) DOLLARS	(b) MWH	(c) CENTS/KWH
1	Fuel Cost of System Net Generation (E3)			
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)	13,229,387	303,426	4.36000
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 & Non Fuel Cost of Purch Power (E2)	18,589,672	303,426	6.12659
10a	Demand Costs of Purchased Power	14,467,027 *		
10b	Non-fuel Energy & Customer Costs of Purchased Power	4,122,645 *		
11	Energy Payments to Qualifying Facilities (E8a)	1,453,939	24,000	6.05808
12	TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	33,272,998	327,426	10.16199
13	TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	33,272,998	327,426	10.16199
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)	33,272,998	327,426	10.16199
21	Net Unbilled Sales	0 *	0	0.00000
22	Company Use	45,424 *	447	0.01394
23	T & D Losses	123,773 *	1,218	0.03800
24	SYSTEM MWH SALES	33,272,998	325,761	10.21393
25	Wholesale MWH Sales			
26	Jurisdictional MWH Sales	33,272,998	325,761	10.21393
26a	Jurisdictional Loss Multiplier	1.00000	1.00000	
27	Jurisdictional MWH Sales Adjusted for Line Losses	33,272,998	325,761	10.21393
27a	GSLD1 MWH Sales		32,604	
27b	Other Classes MWH Sales		293,157	
27c	GSLD1 CP KW		518,416 *	
28	GPIF **			
29	TRUE-UP (OVER) UNDER RECOVERY **	(2,685,677)	325,761	-0.82443
30	TOTAL JURISDICTIONAL FUEL COST	30,587,321	325,761	9.38950
30a	Demand Purchased Power Costs (Line 10a)	14,467,027 *		
30b	Non-demand Purchased Power Costs (Lines 6 + 10b + 11)	18,805,971 *		
30c	True up Over/Under Recovery (Line 29)	(2,685,677) *		

* For Informational Purposes Only
** Calculation Based on Jurisdictional KWH Sales

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

ESTIMATED FOR THE PERIOD: JANUARY 2014 THROUGH DECEMBER 2014

NORTHEAST FLORIDA DIVISION		(a)	(b)	(c)
		DOLLARS	MWH	CENTS/KWH
	APPORTIONMENT OF DEMAND COSTS			
31	Total Demand Costs (Line 30a)	14,467,027		
32	GSLD1 Portion of Demand Costs (Line 30a) Including Line Losses(Line 27c x $2.96)	2,736,640	518,416 (KW)	$5.28 /KW
33	Balance to Other Classes	11,730,387	293,157	4.00140
	APPORTIONMENT OF NON-DEMAND COSTS			
34	Total Non-demand Costs(Line 30b)	18,805,971		
35	Total KWH Purchased (Line 12)		327,426	
36	Average Cost per KWH Purchased			5.74358
37	Average Cost Adjusted for Line Losses (Line 36 x 1.03)			5.91934
38	GSLD1 Non-demand Costs (Line 27a x Line 37)	1,929,941	32,604	5.91934
39	Balance to Other Classes	16,876,030	293,157	5.75665
	GSLD1 PURCHASED POWER COST RECOVERY FACTORS			
40a	Total GSLD1 Demand Costs (Line 32)	2,736,640	518,416 (KW)	$5.28 /KW
40b	Revenue Tax Factor			1.00072
40c	GSLD1 Demand Purchased Power Factor Adjusted for Taxes & Rounded			$5.28 /KW
40d	Total Current GSLD1 Non-demand Costs(Line 38)	1,929,941	32,604	5.91934
40e	Total Non-demand Costs Including True-up	1,929,941	32,604	5.91934
40f	Revenue Tax Factor			1.00072
40g	GSLD1 Non-demand Costs Adjusted for Taxes & Rounded			5.92360
	OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS			
41a	Total Demand & Non-demand Purchased Power Costs of Other Classes(Line 33 + 39)	28,606,417	293,157	9.75805
41b	Less: Total Demand Cost Recovery	11,730,387 ***		
41c	Total Other Costs to be Recovered	16,876,030	293,157	5.75665
41d	Other Classes' Portion of True-up (Line 30c)	(2,685,677)	293,157	-0.91612
41e	Total Demand & Non-demand Costs Including True-up	14,190,353	293,157	4.84053
42	Revenue Tax Factor			1.00072
43	Other Classes Purchased Power Factor Adjusted for Taxes & Rounded	14,200,570		4.844

* For Informational Purposes Only
** Calculation Based on Jurisdictional KWH Sales
*** Calculation on Schedule E1 Page 3

EXHIBIT NO. ___________
DOCKET NO. 130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)
PAGE 8 OF 14

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

ESTIMATED FOR THE PERIOD: JANUARY 2014 THROUGH DECEMBER 2014

NORTHEAST FLORIDA DIVISION

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				(1)/((2)*8,760)			(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
44	RS	167,482,000	57.599%	33,193.2	1.089	1.030	36,147.4	172,506,460	64.69%	57.13%
45	GS	27,306,000	75.719%	4,116.7	1.089	1.030	4,483.1	28,125,180	8.02%	9.31%
46	GSD	74,156,000	78.538%	10,778.6	1.089	1.030	11,737.9	76,380,680	21.00%	25.30%
47	GSLD	22,020,000	77.959%	3,224.4	1.089	1.030	3,511.4	22,680,600	6.28%	7.51%
48	OL	1,222,000	4996.200%	2.8	1.089	1.030	3.0	1,258,660	0.01%	0.42%
49	SL	971,000	4996.200%	2.2	1.089	1.030	2.4	1,000,130	0.00%	0.33%
	TOTAL	293,157,000		51,317.9			55,885.2	301,951,710	100.00%	100.00%

		(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
		12/13 * (8)	1/13 * (9)	(10) + (11)	Tot. Col. 13 * (9)	(13)/(1)	(14) * 1.00072		(15) + (16)
	Rate Schedule	12/13 Of 12 CP	1/13 Of Energy	Demand Allocation Percentage	Demand Dollars	Demand Cost Recovery	Demand Cost Recovery Adj for Taxes	Other Charges	Levelized Adjustment
50	RS	59.71%	4.39%	64.10%	$7,519,178	0.04490	0.04493	0.04844	0.09337
51	GS	7.40%	0.72%	8.12%	952,507	0.03488	0.03491	0.04844	0.08335
52	GSD	19.38%	1.95%	21.33%	2,502,092	0.03374	0.03376	0.04844	0.08220
53	GSLD	5.80%	0.58%	6.38%	748,399	0.03399	0.03401	0.04844	0.08245
54	OL	0.01%	0.03%	0.04%	4,692	0.00384	0.00384	0.04844	0.05228
55	SL	0.00%	0.03%	0.03%	3,519	0.00362	0.00362	0.04844	0.05206
	TOTAL	92.30%	7.70%	100.00%	$11,730,387				

Step Rate Allocation for Residential Customers

		(18)	(19)	(20)	(21)
					(19) * (20)
	Rate Schedule	Allocation	Annual kWh	Levelized Adj.	Revenues
48	RS	Sales	167,482,000	$0.09337	$15,637,794
49	RS	<= 1,000kWh/mo.	119,001,000	$0.08975	$10,680,533
50	RS	> 1,000 kWh/mo.	48,481,000	$0.10225	$4,957,261
51	RS	Total Sales	167,482,000		$15,637,794

(2) From Florida Power & Light Co. 2010 Load Research results.
(4) From Fernandina Beach Rate Case 881056-EI.

EXHIBIT NO. ________
DOCKET NO. 130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)

FLORIDA PUBLIC UTILITIES COMPANY
CALCULATION OF TRUE-UP SURCHARGE
APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD
JANUARY 2013 - DECEMBER 2013
BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED OPERATIONS

NORTHEAST FLORIDA DIVISION

Over-recovery of purchased power costs for the period January 2013 - December 2013. (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 2013.)(Estimated)	$	(2,685,677)
Estimated kilowatt hour sales for the months of January 2014-December 2014 as per estimate filed with the Commission. (Excludes GSLD1 customers)		293,157,000
Cents per kilowatt hour necessary to refund over-recovered purchased power costs over the period January 2014 - December 2014		-0.91612

FLORIDA PUBLIC UTILITIES COMPANY

NORTHEAST FLORIDA DIVISION

FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2014 THROUGH DECEMBER 2014

LINE NO.			(a) JANUARY	(b) FEBRUARY	(c) MARCH	(d) APRIL	(e) MAY	(f) ESTIMATED JUNE	(h) JULY	(i) AUGUST	(j) SEPTEMBER	(k) OCTOBER	(l) NOVEMBER	(m) DECEMBER	(n) TOTAL PERIOD	LINE NO.
1	FUEL COST OF SYSTEM GENERATION														0	1
1a	NUCLEAR FUEL DISPOSAL														0	1a
2	FUEL COST OF POWER SOLD														0	2
3	FUEL COST OF PURCHASED POWER		1,037,634	1,052,884	1,044,782	883,823	963,814	1,174,184	1,396,203	1,376,968	1,255,018	1,166,214	925,799	952,064	13,229,387	3
3a	DEMAND & NON FUEL COST OF PUR POWER		1,672,335	1,698,280	1,514,829	1,346,220	1,429,065	1,577,508	1,729,676	1,707,481	1,660,041	1,512,917	1,312,337	1,428,983	18,589,672	3a
3b	QUALIFYING FACILITIES		121,609	90,438	121,609	125,436	125,436	125,436	125,436	125,436	125,436	125,436	120,622	121,609	1,453,939	3b
4	ENERGY COST OF ECONOMY PURCHASES														0	4
5	TOTAL FUEL & NET POWER TRANSACTIONS (SUM OF LINES A-1 THRU A-4)		2,831,578	2,841,602	2,681,220	2,355,479	2,518,315	2,877,128	3,251,315	3,209,885	3,040,495	2,804,567	2,358,758	2,502,656	33,272,998	5
5a	LESS: TOTAL DEMAND COST RECOVERY		1,157,788	1,179,669	879,018	872,666	934,192	907,210	1,119,566	1,102,497	968,200	964,102	827,596	817,883	11,730,386	5a
5b	TOTAL OTHER COST TO BE RECOVERED		1,673,790	1,661,933	1,802,202	1,482,813	1,584,123	1,969,918	2,131,749	2,107,388	2,072,295	1,840,465	1,531,162	1,684,773	21,542,612	5b
6	APPORTIONMENT TO GSLD1 CLASS		349,407	345,983	468,725	350,935	350,316	468,421	348,125	348,195	468,044	349,102	350,018	469,310	4,666,582	6
6a	BALANCE TO OTHER CLASSES		1,324,383	1,315,950	1,333,477	1,131,878	1,233,807	1,501,497	1,783,624	1,759,193	1,604,251	1,491,363	1,181,144	1,215,463	16,876,030	6a
6b	SYSTEM KWH SOLD (MWH)		25,150	25,174	24,697	22,459	23,819	28,731	34,657	33,410	31,854	28,716	23,935	23,159	325,761	6b
7	GSLD1 MWH SOLD		2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	32,604	7
7a	BALANCE MWH SOLD OTHER CLASSES		22,433	22,457	21,980	19,742	21,102	26,014	31,940	30,693	29,137	25,999	21,218	20,442	293,157	7a
7b	COST PER KWH SOLD (CENTS/KWH) APPLICABLE TO OTHER CLASSES		5.90373	5.85987	6.06678	5.73335	5.84687	5.77188	5.5843	5.73158	5.50589	5.73623	5.56671	5.94591	5.75665	7b
8	JURISDICTIONAL LOSS MULTIPLIER		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	JURISDICTIONAL COST (CENTS/KWH)		5.90373	5.85987	6.06678	5.73335	5.84687	5.77188	5.58430	5.73158	5.50589	5.73623	5.56671	5.94591	5.75665	9
10	GPIF (CENTS/KWH)															10
11	TRUE-UP (CENTS/KWH)	(2,685,677)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	(0.91612)	11
12	TOTAL		4.98761	4.94375	5.15066	4.81723	4.93075	4.85576	4.66818	4.81546	4.58977	4.82011	4.65059	5.02979	4.84053	12
13	REVENUE TAX FACTOR	0.00072	0.00359	0.00356	0.00371	0.00347	0.00355	0.00350	0.00336	0.00347	0.00330	0.00347	0.00335	0.00362	0.00349	13
14	RECOVERY FACTOR ADJUSTED FOR TAXES		4.99120	4.94731	5.15437	4.82070	4.93430	4.85926	4.67154	4.81893	4.59307	4.82358	4.65394	5.03341	4.84402	14
15	RECOVERY FACTOR ROUNDED TO NEAREST .001 CENT/KWH		4.991	4.947	5.154	4.821	4.934	4.859	4.672	4.819	4.593	4.824	4.654	5.033	4.844	15

FLORIDA PUBLIC UTILITIES COMPANY
NORTHEAST FLORIDA DIVISION
PURCHASED POWER
(EXCLUSIVE OF ECONOMY ENERGY PURCHASES)

ESTIMATED FOR THE PERIOD: JANUARY 2014 THROUGH DECEMBER 2014

(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)
MONTH		PURCHASED FROM	TYPE & SCHEDULE	TOTAL KWH PURCHASED	KWH FOR OTHER UTILITIES	KWH FOR INTERRUPTIBLE	KWH FOR FIRM	CENTS/KWH (A) FUEL COST	CENTS/KWH (B) TOTAL COST	TOTAL $ FOR FUEL ADJ. (7) x (8) (A)
JANUARY	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	23,798,955			23,798,955	4.359998	11.386924	1,037,634
FEBRUARY	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	24,148,719			24,148,719	4.359999	11.392588	1,052,884
MARCH	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	23,962,895			23,962,895	4.359999	10.681560	1,044,782
APRIL	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	20,271,160			20,271,160	4.360002	11.001063	883,823
MAY	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	22,105,815			22,105,815	4.360002	10.824659	963,814
JUNE	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	26,930,820			26,930,820	4.360001	10.217632	1,174,184
JULY	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	32,023,000			32,023,000	4.360001	9.761356	1,396,203
AUGUST	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	31,581,833			31,581,833	4.360000	9.766529	1,376,968
SEPTEMBER	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	28,784,807			28,784,807	4.360001	10.127075	1,255,018
OCTOBER	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	26,748,032			26,748,032	4.359999	10.016180	1,166,214
NOVEMBER	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	21,233,919			21,233,919	4.360001	10.540381	925,799
DECEMBER	2014	JACKSONVILLE ELECTRIC AUTHORITY	MS	21,836,320			21,836,320	4.360002	10.904067	952,064
TOTAL				303,426,275	0	0	303,426,275	4.360000	10.486587	13,229,387

FLORIDA PUBLIC UTILITIES COMPANY
NORTHEAST FLORIDA DIVISION
PURCHASED POWER
ENERGY PAYMENT TO QUALIFYING FACILITIES

ESTIMATED FOR THE PERIOD: JANUARY 2014 THROUGH DECEMBER 2014

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)
							CENTS/KWH		
MONTH	PURCHASED FROM	TYPE & SCHEDULE	TOTAL KWH PURCHASED	KWH FOR OTHER UTILITIES	KWH FOR INTERRUPTIBLE	KWH FOR FIRM	(A) FUEL COST	(B) TOTAL COST	TOTAL $ FOR FUEL ADJ. (7) x (8) (A)
JANUARY 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.080450	6.080450	121,609
FEBRUARY 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	4.521900	4.521900	90,438
MARCH 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.080450	6.080450	121,609
APRIL 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.271800	6.271800	125,436
MAY 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.271800	6.271800	125,436
JUNE 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.271800	6.271800	125,436
JULY 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.271800	6.271800	125,436
AUGUST 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.271800	6.271800	125,436
SEPTEMBER 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.271800	6.271800	125,436
OCTOBER 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.271800	6.271800	125,436
NOVEMBER 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.031100	6.031100	120,622
DECEMBER 2014	ROCK-TENN COMPANY / RAYONIER		2,000,000			2,000,000	6.080450	6.080450	121,609
TOTAL			24,000,000	0	0	24,000,000	6.058079	6.058079	1,453,939

EXHIBIT NO. _________
DOCKET NO. 130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)

FLORIDA PUBLIC UTILITIES COMPANY
NORTHEAST FLORIDA DIVISION
RESIDENTIAL BILL COMPARISON

ESTIMATED FOR THE PERIOD: JANUARY 2014 THROUGH DECEMBER 2014

	JANUARY 2014	FEBRUARY 2014	MARCH 2014	APRIL 2014	MAY 2014	JUNE 2014	JULY 2014
BASE RATE REVENUES ** $	32.58	32.58	32.58	32.58	32.58	32.58	32.58
FUEL RECOVERY FACTOR CENTS/KWH	8.98	8.98	8.98	8.98	8.98	8.98	8.98
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES $	89.75	89.75	89.75	89.75	89.75	89.75	89.75
GROSS RECEIPTS TAX	3.14	3.14	3.14	3.14	3.14	3.14	3.14
TOTAL REVENUES *** $	125.47	125.47	125.47	125.47	125.47	125.47	125.47

	AUGUST 2014	SEPTEMBER 2014	OCTOBER 2014	NOVEMBER 2014	DECEMBER 2014	PERIOD TOTAL
BASE RATE REVENUES ** $	32.58	32.58	32.58	32.58	32.58	390.96
FUEL RECOVERY FACTOR CENTS/KWH	8.98	8.98	8.98	8.98	8.98	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES $	89.75	89.75	89.75	89.75	89.75	1,077.00
GROSS RECEIPTS TAX	3.14	3.14	3.14	3.14	3.14	37.68
TOTAL REVENUES *** $	125.47	125.47	125.47	125.47	125.47	1,505.64

* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

** BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE	12.00
CENTS/KWH	19.58
CONSERVATION FACTOR	1.000
	32.58

*** EXCLUDES FRANCHISE TAXES

EXHIBIT NO. ________
DOCKET NO. 130001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)