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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
PREPARED DIRECT TESTIMONY OF
THOMAS KAUFMANN
ON BEHALF OF CITY GAS COMPANY OF FLORIDA
DOCKET NO. 010003-GU
September 27, 2001

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas Kaufmann. My business address is One Elizabethtown Plaza, Union, New Jersey 07083.

Q. BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY.

A. I am currently employed as a Manager of Rates for NUI Corporation ("NUI"), and have responsibilities with NUI Utilities, Inc., d/b/a NUI City Gas Company of Florida ("City Gas").

Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND BUSINESS EXPERIENCE.

A. My professional responsibilities have encompassed financial analysis, accounting, planning, and pricing in manufacturing and energy services companies in both regulated and deregulated industries. In 1977, I was employed by Allied Chemical Corp. as a staff accountant. In 1980, I was employed by Celanese Corp. as a financial analyst. In 1981, I was employed by Suburban Propane as a Strategic Planning Analyst, promoted to Manager of Rates and

1 Pricing in 1986 and to Director of Acquisitions and Business
2 Analysis in 1990. In 1993, I was employed by Concurrent Computer
3 as a Manager, Pricing Administration. In 1996 I joined NUI as a
4 Rate Analyst, was promoted to Manager of Regulatory Support in
5 August, 1997 and Manager of Regulatory Affairs in February, 1998,
6 and named Manager of Rates in July 1998.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

8 A. In June 1977, I graduated from Rutgers University, Newark, N.J.,
9 with a Bachelor of Arts degree in Business Administration, majoring
10 in accounting and economics. In July 1979, I graduated from
11 Fairleigh Dickinson University, Madison, N.J., with a Masters of
12 Business Administration, majoring in finance.

13 **Q. MR. KAUFMANN, WHAT IS THE PURPOSE OF YOUR**
14 **TESTIMONY?**

15 A. The purpose of my testimony is to present the revised estimate of
16 the Company's projection of gas costs for the period September
17 2001 through December 2001 and the Company's projection of gas
18 costs for the period January 2002 through December 2002. In
19 addition I will present the development of the maximum rate to be
20 charged to customers for the period January 2002 through
21 December 2002.

22 **Q. HAS THE COMPANY PREPARED THE FORMS AS PRESCRIBED**
23 **BY THE COMMISSION FOR THIS PURPOSE?**

1 A. Yes. The forms prescribed by the Commission are being filed at
2 this time. Copies are attached to my testimony.

3 **Q. CAN YOU EXPLAIN THE PROJECTION METHODOLOGY?**

4 A. Yes. Under this methodology, which was adopted by Order No.
5 PSC-93-0708-FOF-GU of this Commission on May 10, 1993 and
6 modified in Docket No. 980269-PU on June 10, 1998, gas
7 companies are to project their gas costs each twelve months for the
8 ensuing twelve month period ending in December. A per therm rate
9 is developed for the weighted average cost of gas (WACOG). This
10 rate, based on the average of the winter and summer seasons,
11 would lead to over or under-recoveries of gas costs in the two
12 seasons. This problem is mitigated by establishing a maximum
13 levelized purchased gas factor based on the Company's expected
14 winter cost of gas, thereby eliminating a large under-recovery in that
15 season. The Company is then able to flex downward in the summer
16 in order to match market conditions and eliminate the potential for a
17 large over-recovery for the remainder of the period.

18 **Q. WHAT IF THE ACTUAL COST EXCEEDS THE MAXIMUM RATE**
19 **AS PROJECTED?**

20 A. If re-projected gas costs for the remaining period exceed projected
21 recoveries by at least 10% for the twelve month period, a mid-
22 course correction may formally be requested by the Company.

1 **Q. WHAT HAPPENS TO THE DIFFERENCES THAT RESULT FROM**
2 **MISESTIMATES, THAT IS, THE MISMATCHES BETWEEN**
3 **ESTIMATED AND ACTUAL COSTS?**

4 A. The forms take this into consideration. Form E-2 calculates the
5 projected differences using estimated figures, and form E-4
6 calculates the final true-up using actual figures. These differences
7 are flowed back to customers through the true-up factor included in
8 gas costs billed in the subsequent twelve month period.

9 **Q. ARE ANY FLORIDA GAS TRANSMSSION (FGT) RATE**
10 **CHANGES PROPOSED WHICH ARE REFLECTED IN THIS**
11 **FILING?**

12 A. No.

13 **Q. DOES THE COMPANY ANTICIPATE ANY CHANGES TO THE**
14 **CAPACITY PORTFOLIO IN THE COMING YEAR?**

15 A. No.

16 **Q. CAN YOU SUMMARIZE THE CONTENTS OF THE SCHEDULES**
17 **SUBMITTED AS PART OF THIS FILING?**

18 A. Yes. For the projected period, January 2002 through December
19 2002, we estimate the gas purchases for resale will be 37,606,260
20 therms at a total cost of \$20,766,343, with a resulting WACOG of
21 55.220 cents per therm (before the application of the true-up factor
22 and the regulatory assessment fee). The difference between the
23 estimated actual and actual true-up for the prior period, January

1 2000 through December 2000, is an under-recovery of \$1,241,776,
 2 after a reduction for an audit adjustment of \$409,017 made by the
 3 Commission staff. The projected true-up for the current period,
 4 January 2001 through December 2001 is an under-recovery of
 5 \$596,710. The total true-up as shown on Schedule E-4 is an under-
 6 recovery of \$1,838,486 for a true-up factor of 4.889 cents per therm
 7 that would be applied during the projected period. This true-up
 8 factor increases the gas cost factor during the projected period to
 9 60.109 cents per therm (before the regulatory assessment fee).
 10 With the regulatory assessment fee added, the PGA factor is
 11 60.412 cents per therm based on the average of the winter and
 12 summer seasons. City Gas, however, has chosen to establish a
 13 maximum levelized purchased gas factor based on the Company's
 14 expected winter cost of gas as follows:

		<u>Winter Average</u>
15		
16	Total Cost (Line 11)	\$12,442,548
17	Total Therm Sales (Line 27)	20,959,900
18	(Line 11/ Line 27)	\$0.59364
19	True-up	\$0.04889
20	Before Regulatory Assessment	\$0.64252
21	Revenue Tax Factor	1.00503
22	Purchased Gas Factor	\$0.64576

1 As shown above, the maximum levelized purchased gas factor
2 based on the Company's expected winter cost of gas is 64.252
3 cents per therm before the regulatory assessment fee and 64.576
4 cents per therm after the regulatory assessment fee. This is the
5 maximum gas cost factor that City Gas may charge its customers
6 for the period January 2002 through December 2002.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A. Yes, it does.**

COMPANY: NUI CITY GAS COMPANY OF FLORIDA A Division of NUI Corporation		SCHEDULE E-1 (REVISED FORM 9/22/00)					
ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD: 2002 Winter Months		\$0.6460 PGA CAP w/ assessment					
COST OF GAS PURCHASED	PROJECTION						
	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1 COMMODITY (Pipeline)	\$9,168	\$10,375	\$10,676	\$13,979	\$15,826	\$13,014	\$73,038
2 NO NOTICE RESERVATION	\$11,160	\$26,190	\$27,063	\$27,063	\$24,444	\$27,063	\$142,983
3 SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 COMMODITY (Other)	\$843,632	\$1,001,949	\$1,084,384	\$1,296,217	\$1,452,201	\$1,164,289	\$6,842,673
5 DEMAND	\$515,609	\$836,463	\$864,345	\$1,077,657	\$973,368	\$1,077,657	\$5,345,099
6 OTHER	\$5,554	\$4,431	\$5,742	\$7,801	\$7,988	\$7,239	\$38,755
LESS END-USE CONTRACT	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 DEMAND	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$1,385,124	\$1,879,408	\$1,992,210	\$2,422,717	\$2,473,828	\$2,289,262	\$12,442,548
12 NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13 COMPANY USE	(\$7,860)	(\$9,434)	(\$9,712)	(\$9,019)	(\$8,136)	(\$9,154)	(\$53,315)
14 THERM SALES REVENUES	\$1,377,263	\$1,869,974	\$1,982,498	\$2,413,698	\$2,465,691	\$2,280,108	\$12,389,233
THERMS PURCHASED							
15 COMMODITY (Pipeline)	2,634,400	2,981,230	3,067,840	4,016,900	4,547,840	3,739,590	20,987,800
16 NO NOTICE RESERVATION	1,240,000	2,910,000	3,007,000	3,007,000	2,716,000	3,007,000	15,887,000
17 SWING SERVICE	-	-	-	-	-	-	-
18 COMMODITY (Other)	2,634,400	2,981,230	3,067,840	4,016,900	4,547,840	3,739,590	20,987,800
19 DEMAND	10,921,610	17,673,000	18,262,100	21,052,100	19,014,800	21,052,100	107,975,710
20 OTHER	8,900	7,100	9,200	12,500	12,800	11,600	62,100
LESS END-USE CONTRACT	-	-	-	-	-	-	-
21 COMMODITY (Pipeline)	-	-	-	-	-	-	-
22 DEMAND	-	-	-	-	-	-	-
23	-	-	-	-	-	-	-
24 TOTAL PURCHASES (+17+18+20)-(21+23)	2,643,300	2,988,330	3,077,040	4,029,400	4,560,640	3,751,190	21,049,900
25 NET UNBILLED	-	-	-	-	-	-	-
26 COMPANY USE	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(90,000)
27 TOTAL THERM SALES (24-26)	2,628,300	2,973,330	3,062,040	4,014,400	4,545,640	3,736,190	20,959,900
CENTS PER THERM							
28 COMMODITY (Pipeline) (1/15)	0 00348	0 00348	0 00348	0 00348	0 00348	0 00348	0 00348
29 NO NOTICE RESERVATION (2/16)	0 00900	0 00900	0 00900	0 00900	0 00900	0 00900	0 00900
30 SWING SERVICE (3/17)	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000
31 COMMODITY (Other) (4/18)	\$0 32024	\$0 33609	\$0 35347	0 32269	0 31932	0 31134	0 32603
32 DEMAND (5/19)	\$0 04721	\$0 04733	\$0 04733	0 05119	0 05119	0 05119	0 04950
33 OTHER (6/20)	\$0 62408	\$0 62408	\$0 62408	0 62408	0 62408	0 62408	0 62408
LESS END-USE CONTRACT	-	-	-	-	-	-	-
34 COMMODITY Pipeline (7/21)	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000
35 DEMAND (8/22)	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000
36 (9/23)	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000
37 TOTAL COST (11/24)	0 52401	0 62892	0 64744	0 60126	0 54243	0 61028	0 59110
38 NET UNBILLED (12/25)	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000	0 00000
39 COMPANY USE (13/26)	0 52401	0 62892	0 64744	0 60126	0 54243	0 61028	0 59110
40 TOTAL THERM SALES (11/27)	0 52700	0 63209	0 65062	0 60351	0 54422	0 61273	0 59364
41 TRUE-UP (E-2)	0 04889	0 04889	0 04889	0 04889	0 04889	0 04889	0 04889
42 TOTAL COST OF GAS (40+41)	0 57589	0 68098	0 69950	0 65239	0 59311	0 66161	0 64252
43 REVENUE TAX FACTOR	1 00503	1 00503	1 00503	1 00503	1 00503	1 00503	1 00503
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	0 57879	0 68440	0 70302	0 65568	0 59609	0 66494	0 64576
45 PGA FACTOR ROUNDED TO NEAREST .001	0 579	0 684	0 703	0 656	0 596	0 665	0 646

**PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION**

ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD:

JANUARY 2002 Through DECEMBER 2002

COST OF GAS PURCHASED	PROJECTION												TOTAL
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
1 COMMODITY (Pipeline)	\$13,979	\$15,826	\$13,014	\$10,726	\$10,950	\$8,278	\$9,107	\$9,317	\$9,672	\$9,168	\$10,375	\$10,676	\$131,087
2 INTRA-DAY SUPPLY RESERVATION	\$27,063	\$24,444	\$27,063	\$13,500	\$10,463	\$10,125	\$10,463	\$10,463	\$10,125	\$11,160	\$26,190	\$27,063	\$208,121
3 SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 COMMODITY (Other)	\$1,296,217	\$1,452,201	\$1,164,289	\$932,467	\$958,416	\$734,972	\$821,709	\$853,019	\$885,813	\$843,632	\$1,001,949	\$1,084,384	\$12,029,070
5 DEMAND	\$1,077,657	\$973,368	\$1,077,657	\$608,091	\$480,509	\$465,009	\$480,509	\$480,509	\$465,009	\$515,609	\$836,463	\$864,345	\$8,324,736
6 OTHER	\$7,801	\$7,988	\$7,239	\$6,054	\$6,802	\$6,241	\$5,367	\$5,117	\$4,993	\$5,554	\$4,431	\$5,742	\$73,329
LESS END-USE CONTRACT													\$0 2214
7 COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 DEMAND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10													
11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$2,422,717	\$2,473,828	\$2,289,262	\$1,570,838	\$1,467,140	\$1,224,624	\$1,327,155	\$1,358,426	\$1,375,612	\$1,385,124	\$1,879,408	\$1,992,210	\$20,766,343
12 NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13 COMPANY USE	(\$9,019)	(\$8,136)	(\$9,154)	(\$7,621)	(\$6,970)	(\$7,690)	(\$7,582)	(\$7,587)	(\$7,403)	(\$7,860)	(\$9,434)	(\$9,712)	(\$98,169)
14 THERM SALES REVENUES	\$2,413,698	\$2,465,691	\$2,280,108	\$1,563,217	\$1,460,171	\$1,216,934	\$1,319,572	\$1,350,838	\$1,368,210	\$1,377,263	\$1,869,974	\$1,982,498	\$20,668,174
THERMS PURCHASED													
15 COMMODITY (Pipeline)	4,016,900	4,547,840	3,739,590	3,082,050	3,146,550	2,378,630	2,616,910	2,677,390	2,779,430	2,634,400	2,981,230	3,067,840	37,668,760
16 INTRA-DAY SUPPLY RESERVATION	3,007,000	2,716,000	3,007,000	1,500,000	1,162,500	1,125,000	1,162,500	1,162,500	1,125,000	1,240,000	2,910,000	3,007,000	23,124,500
17 SWING SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
18 COMMODITY (Other)	4,016,900	4,547,840	3,739,590	3,082,050	3,146,550	2,378,630	2,616,910	2,677,390	2,779,430	2,634,400	2,981,230	3,067,840	37,668,760
19 DEMAND	21,052,100	19,014,800	21,052,100	11,527,800	9,977,350	9,655,500	9,977,350	9,977,350	9,655,500	10,921,610	17,673,000	18,262,100	168,746,560
20 OTHER	12,500	12,800	11,600	9,700	10,900	10,000	8,600	8,200	8,000	8,900	7,100	9,200	117,500
LESS END-USE CONTRACT													
21 COMMODITY (Pipeline)	0	0	0	0	0	0	0	0	0	0	0	0	0
22 DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES (+17+18+20)-(21+23)	4,029,400	4,560,640	3,751,190	3,091,750	3,157,450	2,388,630	2,625,510	2,685,590	2,787,430	2,643,300	2,988,330	3,077,040	37,786,260
25 NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26 COMPANY USE	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(180,000)
27 TOTAL THERM SALES (24-26)	4,014,400	4,545,640	3,736,190	3,076,750	3,142,450	2,373,630	2,610,510	2,670,590	2,772,430	2,628,300	2,973,330	3,062,040	37,606,260
CENTS PER THERM													
28 COMMODITY (Pipeline) (1/15)	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348	0.00348
29 INTRA-DAY SUPPLY RESERVATIO (2/16)	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900	0.00900
30 SWING SERVICE (3/17)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
31 COMMODITY (Other) (4/18)	0.32269	0.31932	0.31134	0.30255	0.30459	0.30899	0.31400	0.31860	0.31870	0.32024	0.33609	0.35347	0.31934
32 DEMAND (5/19)	0.05119	0.05119	0.05119	0.05275	0.04816	0.04816	0.04816	0.04816	0.04816	0.04721	0.04733	0.04733	0.04933
33 OTHER (6/20)	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408	0.62408
LESS END-USE CONTRACT													
34 COMMODITY Pipeline (7/21)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
35 DEMAND (8/22)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
36 (9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37 TOTAL COST (11/24)	0.60126	0.54243	0.61028	0.50807	0.46466	0.51269	0.50548	0.50582	0.49351	0.52401	0.62892	0.64744	0.54957
38 NET UNBILLED (12/25)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
39 COMPANY USE (13/26)	0.60126	0.54243	0.61028	0.50807	0.46466	0.51269	0.50548	0.50582	0.49351	0.52401	0.62892	0.64744	0.54957
40 TOTAL THERM SALES (11/27)	0.60351	0.54422	0.61273	0.51055	0.46688	0.51593	0.50839	0.50866	0.49618	0.52700	0.63209	0.65062	0.55220
41 TRUE-UP (E-2)	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889	0.04889
42 TOTAL COST OF GAS (40+41)	0.65239	0.59311	0.66161	0.55944	0.51577	0.56482	0.55728	0.55755	0.54506	0.57589	0.68098	0.69950	0.60109
43 REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	0.65568	0.59609	0.66494	0.56225	0.51836	0.56766	0.56008	0.56035	0.54781	0.57879	0.68440	0.70302	0.60412
45 PGA FACTOR ROUNDED TO NEAREST .001	0.656	0.596	0.665	0.562	0.518	0.568	0.560	0.560	0.548	0.579	0.684	0.703	0.604

**PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION**

REVISED ESTIMATE FOR THE PROJECTED PERIOD: JANUARY 2001 Through DECEMBER 2001

COST OF GAS PURCHASED	ACTUAL						REVISED PROJECTION						TOTAL
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
1 COMMODITY (Pipeline)	\$45,445	\$28,836	\$22,154	\$34,823	\$27,460	\$26,290	\$27,878	\$28,108	\$11,346	\$11,457	\$11,838	\$12,391	\$288,025
2 NO NOTICE RESERVATION	27,063	24,444	24,444	13,500	10,463	9,986	10,328	10,323	10,125	11,160	26,190	27,063	\$205,089
3 SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	\$0
4 COMMODITY (Other)	6,365,689	2,502,323	2,072,609	1,676,207	1,536,652	998,517	762,573	760,074	792,692	818,959	941,186	1,095,076	\$20,322,556
5 DEMAND	1,091,560	1,015,767	1,197,071	1,363,255	606,538	455,678	490,256	480,549	579,751	634,181	1,042,894	1,077,657	\$10,035,158
6 OTHER	6,890	9,550	10,598	(65,133)	8,906	8,600	5,138	7,150	4,993	5,554	4,431	5,742	\$12,418
LESS END-USE CONTRACT													
7 COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	\$0	\$0	\$0	\$0	\$0
8 DEMAND	-	-	-	-	-	-	-	-	\$0	\$0	\$0	\$0	\$0
9	-	-	-	-	-	-	-	-	\$0	\$0	\$0	\$0	\$0
10	-	-	-	-	-	-	-	-	\$0	\$0	\$0	\$0	\$0
11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	7,536,647	3,580,920	3,326,876	3,022,652	2,190,019	1,499,071	1,296,173	1,286,204	\$1,398,906	\$1,481,311	\$2,026,538	\$2,217,928	\$30,863,246
12 NET UNBILLED	-	-	-	-	-	-	-	-	\$0	\$0	\$0	\$0	\$0
13 COMPANY USE	(880)	(731)	(889)	(824)	(547)	(788)	(751)	(762)	(\$6,450)	(\$6,762)	(\$8,957)	(\$9,359)	(\$37,700)
14 THERM SALES REVENUES	\$4,409,725	\$5,168,613	\$4,725,377	\$4,171,960	\$3,251,586	\$2,372,096	\$1,926,669	\$1,810,824	\$1,392,456	\$1,474,550	\$2,017,582	\$2,208,569	\$34,930,006
THERMS PURCHASED													
15 COMMODITY (Pipeline)	11,487,720	8,215,620	7,361,530	10,318,270	9,202,160	8,866,370	9,413,680	9,440,140	3,260,221	3,292,110	3,401,730	3,560,550	87,820,101
16 NO NOTICE RESERVATION	3,007,000	2,716,000	2,716,000	1,500,000	1,162,500	1,109,500	1,147,500	1,147,000	1,125,000	1,240,000	2,910,000	3,007,000	22,787,500
17 SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	0
18 COMMODITY (Other)	6,963,138	3,928,817	4,091,958	3,593,352	3,228,745	3,001,345	2,998,784	2,749,984	3,260,221	3,292,110	3,401,730	3,560,550	44,070,734
19 DEMAND	21,052,100	19,759,700	14,205,910	24,987,200	11,585,100	9,562,050	10,101,300	9,992,850	11,155,500	12,471,610	20,373,000	21,052,100	186,298,420
20 OTHER	9,296	12,884	8,299	(75,548)	8,124	7,844	6,821	11,903	8,000	8,900	7,100	9,200	22,823
LESS END-USE CONTRACT													
21 COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	0
22 DEMAND	-	-	-	-	-	-	-	-	-	-	-	-	0
23	-	-	-	-	-	-	-	-	-	-	-	-	0
24 TOTAL PURCHASES (17+18+20)-(21+23)	6,972,434	3,941,701	4,100,257	3,517,804	3,236,869	3,009,189	3,005,605	2,761,887	3,268,221	3,301,010	3,408,830	3,569,750	44,093,557
25 NET UNBILLED	-	-	-	-	-	-	-	-	-	-	-	-	0
26 COMPANY USE	(1,952)	(1,623)	(1,972)	(1,828)	(1,215)	(1,215)	(1,666)	(1,666)	(15,000)	(15,000)	(15,000)	(15,000)	(73,137)
27 TOTAL THERM SALES (24-26)	5,569,667	5,545,769	4,390,442	4,035,012	3,629,725	3,140,731	2,854,542	2,910,708	3,253,221	3,286,010	3,393,830	3,554,750	45,564,407
CENTS PER THERM													
28 COMMODITY (Pipeline) (1/15)	0.00396	0.00351	0.00301	0.00337	0.00298	0.00297	0.00296	0.00298	0.00348	0.00348	0.00348	0.00348	0.00328
29 NO NOTICE RESERVATION (2/16)	0.00900	0.00900	0.00900	0.00561	0.00561	0.00561	0.00561	0.00561	0.00900	0.00900	0.00900	0.00900	0.00900
30 SWING SERVICE (3/17)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
31 COMMODITY (Other) (4/18)	0.91420	0.63692	0.50651	0.46647	0.47593	0.33269	0.25429	0.27639	0.24314	0.24876	0.27668	0.30756	0.46113
32 DEMAND (5/19)	0.05185	0.05141	0.08427	0.05456	0.05236	0.04765	0.04853	0.04809	0.05197	0.05085	0.05119	0.05119	0.05387
33 OTHER (6/20)	0.74118	0.74123	1.27702	0.86214	1.09626	1.09638	0.75326	0.60069	0.62408	0.62408	0.62408	0.62408	0.54412
LESS END-USE CONTRACT													
34 COMMODITY Pipeline (7/21)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
35 DEMAND (8/22)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
36	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37 TOTAL COST (11/24)	1.08092	0.90847	0.81138	0.85924	0.67659	0.49816	0.43125	0.46570	0.42803	0.44874	0.59450	0.62131	0.69995
38 NET UNBILLED (12/25)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
39 COMPANY USE (13/26)	0.45082	0.45040	0.45081	0.45077	0.45021	0.49816	0.43125	0.46570	0.00000	0.00000	0.00000	0.00000	0.51547
40 TOTAL THERM SALES (11/27)	1.35316	0.64570	0.75775	0.74911	0.60336	0.47730	0.45407	0.44189	0.43001	0.45079	0.59712	0.62393	0.67735
41 TRUE-UP (E-2)	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364	0.07364
42 TOTAL COST OF GAS (40+41)	1.42680	0.71934	0.83139	0.82275	0.67700	0.55094	0.52771	0.51553	0.50365	0.52443	0.67076	0.69757	0.75099
43 REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	1.43398	0.72296	0.83558	0.82688	0.68040	0.55371	0.53037	0.51812	0.50618	0.52707	0.67414	0.70108	0.75477
45 PGA FACTOR ROUNDED TO NEAREST .001	1.434	0.723	0.836	0.827	0.680	0.554	0.53	0.518	0.506	0.527	0.674	0.701	0.755

FOR THE CURRENT PERIOD: JANUARY 2001 Through DECEMBER 2001

	ACTUAL												TOTAL PERIOD
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
TRUE-UP CALCULATION													
1 PURCHASED GAS COST	\$6,372,579	\$2,511,873	\$2,083,207	\$1,611,074	\$1,545,558	\$1,007,117	\$767,711	\$767,224	\$797,684	\$824,514	\$945,617	\$1,100,817	\$20,334,975
2 TRANSPORTATION COST	\$1,164,068	\$1,089,047	\$1,243,669	\$1,411,578	\$644,461	\$491,954	\$528,462	\$518,980	\$601,222	\$656,798	\$1,080,922	\$1,117,111	\$10,528,271
3 TOTAL COST	\$7,536,647	\$3,580,920	\$3,326,876	\$3,022,652	\$2,190,019	\$1,499,071	\$1,296,173	\$1,286,204	\$1,398,906	\$1,481,311	\$2,026,538	\$2,217,928	\$30,863,246
4 FUEL REVENUES (Net of Revenue Tax)	\$4,409,725	\$5,168,613	\$4,725,377	\$4,171,960	\$3,251,586	\$2,372,096	\$1,926,669	\$1,810,824	\$1,392,456	\$1,474,550	\$2,017,582	\$2,208,569	\$34,930,006
4a Under-recovery*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$151,493	\$84,396	(\$411,665)	(\$526,801)	(\$702,577)
4b ADJUSTED NET FUEL REVENUES *	\$4,409,725	\$5,168,613	\$4,725,377	\$4,171,960	\$3,251,586	\$2,372,096	\$1,926,669	\$1,810,824	\$1,543,950	\$1,558,945	\$1,605,917	\$1,681,768	\$34,227,430
5 TRUE-UP COLLECTED OR (REFUNDED)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$317,310)	(\$3,807,718)
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	\$4,092,415	\$4,851,303	\$4,408,067	\$3,854,650	\$2,934,276	\$2,054,786	\$1,609,359	\$1,493,514	\$1,226,640	\$1,241,636	\$1,288,607	\$1,364,458	\$30,419,712
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(\$3,444,232)	\$1,270,383	\$1,081,191	\$831,998	\$744,257	\$555,715	\$313,186	\$207,310	(\$172,267)	(\$239,676)	(\$737,932)	(\$853,470)	(\$443,534)
8 INTEREST PROVISION-THIS PERIOD (21)	(\$32,937)	(\$32,824)	(\$24,965)	(\$18,164)	(\$12,345)	(\$8,417)	(\$5,874)	(\$4,044)	(\$3,008)	(\$2,671)	(\$3,214)	(\$4,715)	(\$153,176)
8a ADJUST PRIOR MONTHS' INTEREST													
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	(\$4,996,516)	(\$8,156,375)	(\$6,601,505)	(\$5,227,969)	(\$4,096,825)	(\$3,047,604)	(\$2,182,996)	(\$1,558,374)	(\$1,037,798)	(\$895,763)	(\$820,800)	(\$1,244,635)	(\$4,996,516)
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$317,310	\$3,807,718
10a FLEX RATE REFUND (if applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	(\$8,156,375)	(\$6,601,505)	(\$5,227,969)	(\$4,096,825)	(\$3,047,604)	(\$2,182,996)	(\$1,558,374)	(\$1,037,798)	(\$895,763)	(\$820,800)	(\$1,244,635)	(\$1,785,510)	(\$1,785,509)
INTEREST PROVISION													
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	(\$4,996,516)	(\$8,156,375)	(\$6,601,505)	(\$5,227,969)	(\$4,096,825)	(\$3,047,604)	(\$2,182,996)	(\$1,558,374)	(\$1,037,798)	(\$895,763)	(\$820,800)	(\$1,244,635)	
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	(\$8,123,438)	(\$6,568,682)	(\$5,203,004)	(\$4,078,661)	(\$3,035,258)	(\$2,174,579)	(\$1,552,500)	(\$1,033,754)	(\$892,754)	(\$818,129)	(\$1,241,422)	(\$1,780,795)	
14 TOTAL (12+13)	(\$13,119,954)	(\$14,725,056)	(\$11,804,510)	(\$9,306,631)	(\$7,132,083)	(\$5,222,182)	(\$3,735,498)	(\$2,592,128)	(\$1,930,552)	(\$1,713,892)	(\$2,062,222)	(\$3,025,431)	
15 AVERAGE (50% OF 14)	(\$6,559,977)	(\$7,362,528)	(\$5,902,255)	(\$4,653,314)	(\$3,566,042)	(\$2,611,091)	(\$1,867,749)	(\$1,296,064)	(\$965,276)	(\$856,946)	(\$1,031,111)	(\$1,512,715)	
16 INTEREST RATE - FIRST DAY OF MONTH	0.06500	0.05550	0.05150	0.05000	0.04370	0.03940	0.03800	0.03750	0.03740	0.03740	0.03740	0.03740	
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.05550	0.05150	0.05000	0.04370	0.03940	0.03800	0.03750	0.03740	0.03740	0.03740	0.03740	0.03740	
18 TOTAL (16+17)	0.12050	0.10700	0.10150	0.09370	0.08310	0.07740	0.07550	0.07490	0.07480	0.07480	0.07480	0.07480	
19 AVERAGE (50% OF 18)	0.06025	0.05350	0.05075	0.04685	0.04155	0.03870	0.03775	0.03745	0.03740	0.03740	0.03740	0.03740	
20 MONTHLY AVERAGE (19/12 Months)	0.00502	0.00446	0.00423	0.00390	0.00346	0.00323	0.00315	0.00312	0.00312	0.00312	0.00312	0.00312	
21 INTEREST PROVISION (15x20)	(32,937)	(32,824)	(24,965)	(18,164)	(12,345)	(8,417)	(5,874)	(4,044)	(3,008)	(2,671)	(3,214)	(4,715)	
* Under-recovery = Monthly sales volume * (Projected Cost of Gas (Sched E/1 line 24) - anticipated PGA rate)													

TRANSPORTATION PURCHASES
SYSTEM SUPPLY AND END USE

ESTIMATED FOR THE PROJECTED PERIOD OF:

JANUARY 2002 Through DECEMBER 2002

Month	PURCHASED FROM	PURCHASED FOR	SCH TYPE	SYSTEM SUPPLY	END USE	COMMODITY COST		DEMAND COST	OTHER CHARGES ACA/GRI/FUEL	TOTAL CENTS PER THERM	
						TOTAL PURCHASED	THIRD PARTY PIPELINE				
Jan	Various	Sys/End-Use	FTS	4,016,900		4,016,900		\$10,042	\$1,104,720	\$3,937	27.84980
Feb	Various	Sys/End-Use	FTS	4,547,840		4,547,840		\$11,370	\$997,812	\$4,457	22.28834
Mar	Various	Sys/End-Use	FTS	3,739,590		3,739,590		\$9,349	\$1,104,720	\$3,665	29.88921
Apr	Various	Sys/End-Use	FTS	3,082,050		3,082,050		\$7,705	\$621,591	\$3,020	20.51612
May	Various	Sys/End-Use	FTS	3,146,550		3,146,550		\$7,866	\$490,972	\$3,084	15.95149
June	Various	Sys/End-Use	FTS	2,378,630		2,378,630		\$5,947	\$475,134	\$2,331	20.32311
July	Various	Sys/End-Use	FTS	2,616,910		2,616,910		\$6,542	\$490,972	\$2,565	19.10950
Aug	Various	Sys/End-Use	FTS	2,677,390		2,677,390		\$6,693	\$490,972	\$2,624	18.68570
SeP	Various	Sys/End-Use	FTS	2,779,430		2,779,430		\$6,949	\$475,134	\$2,724	17.44265
Oct	Various	Sys/End-Use	FTS	2,634,400		2,634,400		\$6,586	\$526,769	\$2,582	20.34379
Nov	Various	Sys/End-Use	FTS	2,981,230		2,981,230		\$7,453	\$862,653	\$2,922	29.28415
Dec	Various	Sys/End-Use	FTS	3,067,840		3,067,840		\$7,670	\$891,408	\$3,006	29.40454
TOTAL				37,668,760		37,668,760		\$94,172	\$8,532,856	\$36,915	23.00034

ESTIMATED FOR THE PROJECTED PERIOD:

JANUARY 2002

Through

DECEMBER 2002

		PRIOR PERIOD: JANUARY 00 - DECEMBER 00			CURRENT PERIOD: JAN '01 - DEC '01				
		(1) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE	(2) ACTUAL	(3) Col(2)-Col(1) DIFFERENCE	(4) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE			(5) Col(3)+Col(4) TOTAL TRUE-UP	
1	TOTAL THERM SALES \$ E-2 Line 6	\$26,262,968	A-2 Line 6 \$25,066,760	(\$1,196,208)	E-2 Line 6 \$30,419,712			\$29,223,504	
2	TRUE-UP PROVISION FOR THIS PERIOD OVER (UNDER) COLLECTION E-2 Line 7	(\$4,432,581)	A-2 Line 7 (\$6,078,802)	(\$1,646,221)	E-2 Line 7 (\$443,534)			(\$2,089,756)	
2a	AUDIT ADJUSTMENT CONTROL NO. 01-064-4-1			\$409,017					
3	INTEREST PROVISION FOR THIS PERIO E-2 Line 8	(\$80,567)	A-2 Line 8 (\$85,139)	(\$4,572)	E-2 Line 8 (\$153,176)			(\$157,748)	
4	END OF PERIOD TOTAL NET TRUE-UP L2+2a+L3	(\$4,513,148)	(\$6,163,941)	(\$1,241,776)	(\$596,710)			(\$1,838,486)	

NOTE: EIGHT MONTHS ACTUAL FOUR MONTHS REVISED ESTIMATE DATA OBTAINED FROM SCHEDULE (E-2).

COLUMN (1)	DATA OBTAINED FROM SCHEDULE (E-2)	<u>TOTAL TRUE-UP DOLLARS</u>	(\$1,838,486)	equals	0.04889	\$/Therm
COLUMN (2)	DATA OBTAINED FROM SCHEDULE (A-2)	PROJECTED THERM SALES	37,606,260		4.889	
LINE 4	COLUMN (3) SAME AS LINE 7 SCHEDULE (A-7)					Cents Per Therm True-Up
LINE 4	COLUMN (1) SAME AS LINE 8 SCHEDULE (A-7)					
LINE 2	COLUMN (4) SAME AS LINE 7 SCHEDULE (E-2)					
LINE 3	COLUMN (4) SAME AS LINE 8 SCHEDULE (E-2)					

ESTIMATED FOR THE PROJECTED PERIOD:

JANUARY 2002 Through DECEMBER 2002

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
THERM SALES (FIRM)													
RESIDENTIAL (RS & GS)	2,468,690	2,474,480	2,035,580	1,646,240	1,415,030	1,248,410	1,224,530	1,248,920	1,206,320	1,209,230	1,419,930	1,875,190	19,472,550
COMMERCIAL (CS, LCS & NGV)	1,495,710	2,029,660	1,672,310	1,403,910	1,700,820	1,099,820	1,356,880	1,395,470	1,541,210	1,401,170	1,485,900	1,119,250	17,702,110
TOTAL FIRM	3,964,400	4,504,140	3,707,890	3,050,150	3,115,850	2,348,230	2,581,410	2,644,390	2,747,530	2,610,400	2,905,830	2,994,440	37,174,660
THERM SALES (INTERRUPTIBLE)													
INTERRUPTIBLE (IP)	50,000	41,500	28,300	26,600	26,600	25,400	29,100	26,200	24,900	17,900	67,500	67,600	431,600
LARGE INTERRUPTIBLE(IL)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERRUPTIBLE	50,000	41,500	28,300	26,600	26,600	25,400	29,100	26,200	24,900	17,900	67,500	67,600	431,600
TOTAL THERM SALES	4,014,400	4,545,640	3,736,190	3,076,750	3,142,450	2,373,630	2,610,510	2,670,590	2,772,430	2,628,300	2,973,330	3,062,040	37,606,260
NUMBER OF CUSTOMERS (FIRM)													
RESIDENTIAL (RS & GS)	97,354	97,178	97,034	96,953	96,913	97,051	97,549	97,589	97,921	98,076	98,427	98,411	97,538
COMMERCIAL (CS, LCS & NGV)	3,920	3,777	3,703	3,538	3,542	3,458	3,583	3,515	3,609	3,659	3,736	3,619	3,638
TOTAL FIRM	101,274	100,955	100,737	100,491	100,455	100,509	101,132	101,104	101,530	101,735	102,163	102,030	101,176
NUMBER OF CUSTOMERS (INT.)													
INTERRUPTIBLE (IP)	3	3	3	3	3	3	3	3	3	3	3	3	3
LARGE INTERRUPTIBLE(IL)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTERRUPTIBLE	3	3	3	3	3	3	3	3	3	3	3	3	3
TOTAL CUSTOMERS	101,277	100,958	100,740	100,494	100,458	100,512	101,135	101,107	101,533	101,738	102,166	102,033	101,179
THERM USE PER CUSTOMER													
RESIDENTIAL (RS & GS)	25	25	21	17	15	13	13	13	12	12	14	19	200
COMMERCIAL (CS, LCS & NGV)	382	537	452	397	480	318	379	397	427	383	398	309	4,866
INTERRUPTIBLE (IP)	16,667	13,833	9,433	8,867	8,867	8,467	9,700	8,733	8,300	5,967	22,500	22,533	143,867
LARGE INTERRUPTIBLE(IL)	0	0	0	0	0	0	0	0	0	0	0	0	0