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October 10, 2002

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BY HAND DELIVERY

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

Re: Florida Public Utilities Company; Docket No. 020003-GU

Dear Ms. Bayo:

Enclosed for filing in this docket are an original and 10 copies of Florida Public Utilities Company's Amended Petition for Approval of Purchased Gas cost Recovery Factors, Amended Testimony of Cheryl Martin and Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5.

The testimony was revised as follows:

- Page 2, Line 2: Added Schedule "E-1/R."
- Page 2, Line 15: Amount changed by \$18 to read "over-recovery of \$1,467,999."
- Page 2, Line 19: Amount changed by \$18 to read "under-recovery of \$1,234,930."

In the exhibit, Schedule E-1/R was inadvertently omitted from the initial filing and is now included as page 2 of 6 with subsequent pages renumbered. Also, lines 5 and 10 of Schedule E-2 for September were increased and decreased, respectively, by \$9. There was no change to Line 11, September or Total columns.

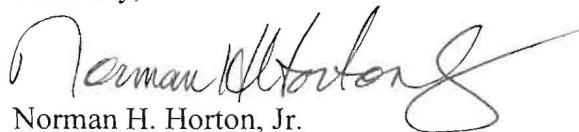
This testimony and exhibit should be used in lieu of that initial filed September 27, 2002.

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

Thank you for your assistance.

11024-02 through 11026-02

Sincerely,



Norman H. Horton, Jr.

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Enclosures

cc: Ms Cheryl M. Martin
Parties of Record

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 020003-GU
DETERMINATION OF PURCHASED
GAS/COST RECOVERY FACTOR

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

- 1 Q. Please state your name and business address.
- 2 A. Cheryl M. Martin, 401 South Dixie Highway, West Palm Beach, FL 33401.
- 3 Q. By whom are you employed?
- 4 A. I am employed by Florida Public Utilities Company.
- 5 Q. Have you previously testified in this Docket?
- 6 A. No.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. I will summarize our projected gas recoveries computations which are
9 contained in composite exhibit CMM-1 which supports the January 2003 -
10 December 2003 projected purchased gas adjustments for our consolidated
11 gas division. In addition, I will advise the Commission of the
12 projected differences between the revenues collected and the purchased
13 gas costs allowed in developing the levelized purchased gas adjustment
14 for the periods January 2001 - December 2001 and January 2002 -
15 December 2002. From these periods I will establish a "true-up" amount
16 to be collected or refunded during January 2003 - December 2003.
17 Lastly, I will discuss the acquisition of the assets of South Florida
18 Natural Gas as they relate to these proceedings.
- 19 Q. Were the schedules filed by your Company completed under your
20 direction?
- 21 A. Yes.
- 22 Q. Which of the Staff's set of schedules has your company completed and
23 filed?
- 24 A. We have prepared and previously filed True-Up schedules A-1, A-2, A-3,

DOCUMENT NUMBER 020003-GU

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FPSC-COMMISSION CLERK

1 A-4, A-5, and A-6, in addition to filing composite exhibit CMM-1 which
2 contains Schedules E-1, E-1/R, E-2, E-3, E-4 and E-5 for our
3 consolidated gas division. These schedules support the calculation of
4 the purchase gas adjustment factors for January 2003 - December 2003.

5 Q. Have the January 2002 - December 2002 projections been revised?

6 A. No.

7 Q. Why are the primary purchased gas adjustments issues?

8 A. The primary issues are as follows:

9 PURCHASED GAS ADJUSTMENT ISSUES

10 ISSUE 1: What is the appropriate final purchased gas
11 adjustment true-up amount for the period January 2001 through December
12 2001?

13 COMPANY POSITION: The final purchased gas adjustment true-up
14 amount for the period January 2001 - December 2001 is an over-recovery
15 of \$1,467,999.

16 ISSUE 2: What is the estimated purchased gas adjustment
17 true-up amount for the period January 2002 through December 2002?

18 COMPANY POSITION: We have estimated that we will have under-
19 recovered \$1,234,930 for the period January 2002 - December 2002.

20 ISSUE 3: What is the total purchased gas adjustment true-up
21 amount to be refunded during the period January 2003 through December
22 2003?

23 COMPANY POSITION: The total net over-recovery to be refunded
24 during the period January 2003 - December 2003 is \$233,069.

25 ISSUE 4: What is the appropriate levelized purchased gas
26 adjustment recovery (cap) factor for the period January 2003 through
27 December 2003?

28 COMPANY POSITION: The Purchased Gas Cost Recovery Factor
29 will be a maximum of 82.860¢ per therm.

1 ISSUE 5: What should be the effective date of the new
2 purchased gas adjustment charge for billing purposes?

3 COMPANY POSITION: The factor should be effective for all
4 meter readings on or after January 1, 2003, beginning with the first or
5 applicable billing cycle for the period January 2003 - December 2003.

6 Q. How was the acquisition of the assets of South Florida Natural Gas
7 managed with respect to the included exhibits?

8 A. Florida Public Utilities Company acquired the assets of South Florida
9 Natural Gas on December 15, 2001. At the time of the acquisition FPUC
10 assumed SFNG's reported over-recovery of \$10,336. The Commission
11 subsequently audited the PGA of SFNG which resulted in additional over-
12 recoveries of \$5,663. The effect of the acquisition including the
13 \$10,336 and \$5,663 over-recoveries are included in all of our exhibits.

14 Q. Does this conclude your testimony?

15 A. Yes.