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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY OF

THOMAS KAUFMANN

ON BEHALF OF FLORIDA CITY GAS

DOCKET NO. 060003-GU

September 15, 2006

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas Kaufmann. My business address is Elizabethtown Gas, 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 and Tariffs and have responsibilities for Florida City Gas ("City Gas" or "the Company").

Q. BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND EMPLOYMENT EXPERIENCE.

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

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1 was employed by Allied Chemical Corp. as a staff accountant. In
2 1980, I was employed by Celanese Corp. as a financial analyst. In
3 1981, I was employed by Suburban Propane as a Strategic
4 Planning Analyst, promoted to Manager of Rates and Pricing in
5 1986 and to Director of Acquisitions and Business Analysis in 1990.
6 In 1993, I was employed by Concurrent Computer as a Manager,
7 Pricing Administration. In 1996 I joined NUI as a Rate Analyst, was
8 promoted to Manager of Regulatory Support in August, 1997 and
9 Manager of Regulatory Affairs in February, 1998, and named
10 Manager of Rates and Tariffs in July 1998.

11 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.**

12 A. The purpose of my testimony is to present the revised estimate of
13 the Company's projection of gas costs for the period August 2006
14 through December 2006 and the Company's projection of gas costs
15 for the period January 2007 through December 2007. In addition I
16 will present the development of the maximum rate to be charged to
17 customers for the period January 2007 through December 2007.

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

20 A. Yes. The forms prescribed by the Commission are being filed at
21 this time. Copies are attached to my testimony as Exhibit __ (TK-2).

22

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

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

16 **Q. WHAT IF THE ACTUAL COST EXCEEDS THE MAXIMUM RATE**
17 **AS PROJECTED?**

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

21 **Q. WHAT HAPPENS TO THE DIFFERENCES THAT RESULT FROM**
22 **MISESTIMATES, THAT IS, THE MISMATCHES BETWEEN**
23 **ESTIMATED AND ACTUAL COSTS?**

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

6 **Q. ARE ANY FLORIDA GAS TRANSMSSION (FGT) RATE**
7 **CHANGES PROPOSED WHICH ARE REFLECTED IN THIS**
8 **FILING?**

9 A. No, the FGT rates used in the preparation of this filing are those in
10 effect on September 1, 2006.

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

13 A. Yes. For the projected period, January 2007 through December
14 2007, we estimate the gas purchases for resale will be 42,364,308
15 therms at a total cost of \$56,316,771 with a resulting WACOG of
16 132.934 cents per therm before the application of the true-up factor
17 and the regulatory assessment fee. The difference between the
18 estimated actual and actual true-up for the prior period, January
19 2005 through December 2005, is an over-recovery of \$1,660,788.
20 The projected true-up for the current period, January 2006 through
21 December 2006, is an under-recovery of \$770,384. The total true-
22 up as shown on Schedule E-4 is an over-recovery of \$890,404 for a
23 true-up refund factor of 2.102 cents per therm that would be applied

1 during the projected period. This true-up factor decreases the gas
2 cost factor during the projected period to 130.832 cents per therm
3 before the regulatory assessment fee. With the regulatory
4 assessment fee added, the PGA factor is 131.490 cents per therm
5 based on the average of the winter and summer seasons. City Gas,
6 however, has chosen to establish a maximum levelized purchased
7 gas factor based on the Company's expected winter cost of gas as
8 follows:

9 Winter Average

10	Total Cost (Line 11)	\$33,981,145
11	Total Therm Sales (Line 27)	23,517,322
12	(Line 11/ Line 27)	\$1.44494
13	True-up	(\$0.02102)
14	Before Regulatory Assessment	\$1.42392
15	Revenue Tax Factor	1.00503
16	Purchased Gas Factor	\$1.43108

17 As shown above, the maximum levelized purchased gas factor
18 based on the Company's expected winter cost of gas is 142.392
19 cents per therm before the regulatory assessment fee and 143.108
20 cents per therm after the regulatory assessment fee. This is the
21 maximum gas cost factor that City Gas may charge its customers
22 for the period January 2007 through December 2007.

23

Docket No. 060003-GU
September 15, 2006

- 1 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**
- 2 A. Yes, it does.

COMPANY:		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION											SCHEDULE E-1 (REVISED FORM 9/24/00)	
FLORIDA CITY GAS														
ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD:		JANUARY 2007 Through DECEMBER 2007												
COST OF GAS PURCHASED		PROJECTION												
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	COMMODITY (Pipeline)	\$3,001	\$2,959	\$2,748	\$2,258	\$2,008	\$2,010	\$1,958	\$1,879	\$1,949	\$2,034	\$2,071	\$2,541	\$27,114
2	INTRA-DAY SUPPLY RESERVATION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$5,555,373	\$5,016,203	\$5,187,319	\$3,482,381	\$3,103,200	\$3,197,704	\$3,198,035	\$3,154,713	\$3,363,277	\$3,620,314	\$4,067,902	\$5,445,208	\$48,391,627
5	DEMAND	\$840,133	\$758,830	\$840,133	\$596,500	\$467,790	\$452,700	\$467,790	\$467,790	\$452,700	\$501,064	\$813,032	\$840,133	\$7,498,595
6	OTHER	\$94,049	\$85,546	\$77,021	\$58,033	\$56,140	\$55,026	\$68,012	\$61,199	\$80,568	\$64,626	\$79,098	\$80,111	\$839,435
LESS END-USE CONTRACT														\$0.1770
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	Margin Sharing	\$0	\$0	\$0	\$0	\$440,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$440,000
10														
11	TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$6,492,556	\$5,863,238	\$6,107,219	\$4,139,172	\$3,189,144	\$3,707,440	\$3,735,795	\$3,685,581	\$3,878,494	\$4,188,038	\$4,962,103	\$6,367,991	\$56,316,771
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	(\$2,768)	(\$2,821)	(\$2,846)	(\$2,345)	(\$2,032)	(\$2,360)	(\$2,441)	(\$2,509)	(\$2,545)	(\$2,634)	(\$3,084)	(\$3,206)	(\$31,571)
14	THERM SALES REVENUES	\$6,489,788	\$5,860,417	\$6,104,373	\$4,136,827	\$3,187,112	\$3,705,080	\$3,733,354	\$3,683,072	\$3,875,949	\$4,185,404	\$4,959,039	\$6,364,785	\$56,285,200
THERMS PURCHASED														
15	COMMODITY (Pipeline SCH E5 L-6)	4,688,327	4,154,704	4,289,872	3,528,407	3,137,511	3,139,935	3,058,922	2,936,139	3,046,072	3,177,417	3,238,542	3,970,460	42,364,308
16	INTRA-DAY SUPPLY RESERVATION	0	0	0	0	0	0	0	0	0	0	0	0	0
17	SWING SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
18	COMMODITY (Other L15-L19-L26)	4,640,227	4,111,204	4,250,472	3,484,507	3,104,411	3,107,735	3,018,922	2,900,539	3,011,072	3,140,317	3,193,442	3,929,060	41,901,808
19	DEMAND	16,785,880	15,161,440	16,785,880	10,769,100	9,183,980	8,897,400	9,183,980	9,183,980	8,897,400	10,035,320	16,244,400	16,785,880	147,944,640
20	OTHER	50,100	45,500	41,400	35,900	35,100	34,200	42,000	37,800	37,000	39,100	45,100	43,400	486,400
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)	4,690,327	4,156,704	4,291,872	3,530,407	3,139,511	3,141,935	3,060,922	2,936,139	3,048,072	3,179,417	3,238,542	3,972,460	42,388,308
25	NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26	COMPANY USE	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(24,000)
27	TOTAL THERM SALES (24-26)	4,688,327	4,154,704	4,289,872	3,528,407	3,137,511	3,139,935	3,058,922	2,936,139	3,046,072	3,177,417	3,238,542	3,970,460	42,364,308
CENTS PER THERM														
28	COMMODITY (Pipeline) (1/15)	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064	0.00064
29	INTRA-DAY SUPPLY RESERVATION (2/16)	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
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)	1.19722	1.22013	1.22041	0.99853	0.99981	1.02895	1.05933	1.08763	1.11697	1.15285	1.27383	1.38588	1.15488
32	DEMAND (5/19)	0.05005	0.05005	0.05005	0.05539	0.05088	0.05088	0.05088	0.05088	0.05088	0.04993	0.05005	0.05005	0.05069
33	OTHER (6/20)	1.87722	1.88013	1.86041	1.61653	1.59961	1.60895	1.61933	1.62783	1.63997	1.65265	1.75383	1.84588	1.72581
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)	1.38424	1.41056	1.42297	1.17243	1.01581	1.17999	1.22048	1.25439	1.27244	1.31723	1.53220	1.60303	1.32859
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)	1.38424	1.41056	1.42297	1.17243	1.01581	1.17999	1.22048	1.25439	1.27244	1.31723	1.53220	1.60303	1.32859
40	TOTAL THERM SALES (11/27)	1.38483	1.41123	1.42364	1.17310	1.01648	1.18074	1.22128	1.25525	1.27328	1.31806	1.53315	1.60384	1.32934
41	TRUE-UP (E-2)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)	(0.02102)
42	TOTAL COST OF GAS (40+41)	1.36381	1.39021	1.40262	1.15208	0.99544	1.15972	1.20026	1.23423	1.25226	1.29704	1.51213	1.58282	1.30832
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)	1.37067	1.39720	1.40988	1.15787	1.00045	1.16555	1.20630	1.24044	1.25858	1.30358	1.51974	1.59078	1.31490
45	PGA FACTOR ROUNDED TO NEAREST .001	1.371	1.397	1.410	1.158	1.000	1.166	1.206	1.240	1.259	1.304	1.520	1.591	1.315

COMPANY:		PURCHASED GAS ADJUSTMENT											SCHEDULE E-1/R.	
FLORIDA CITY GAS		COST RECOVERY CLAUSE CALCULATION											(REVISED FORM 9/24/00)	
REVISED ESTIMATE FOR THE PROJECTED PERIOD:		JANUARY 2006 Through					DECEMBER 2006							
COST OF GAS PURCHASED		ACTUAL						REVISED PROJECTION						TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,026	\$2,026	\$1,985	\$2,102	\$2,648	\$10,787
2	NO NOTICE RESERVATION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$5,251,361	\$3,428,097	\$2,421,370	\$2,105,369	\$2,092,814	\$1,743,550	\$1,675,737	\$2,249,526	\$2,261,660	\$2,275,825	\$3,092,534	\$4,534,255	\$33,132,098
5	DEMAND	\$833,582	\$753,660	\$833,582	\$606,655	\$470,983	\$458,221	\$473,312	\$452,700	\$467,790	\$501,064	\$813,032	\$840,133	\$7,504,714
6	OTHER	\$12,202	\$14,530	\$11,914	\$10,337	\$8,477	\$9,299	\$7,325	\$53,356	\$52,642	\$56,426	\$74,623	\$78,454	\$389,585
LESS END-USE CONTRACT		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$6,097,146	\$4,196,287	\$3,266,866	\$2,722,361	\$2,572,274	\$2,211,070	\$2,156,374	\$2,757,608	\$2,784,118	\$2,835,300	\$3,982,291	\$5,455,490	\$41,037,184
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	(\$2,621)	(\$1,877)	(\$2,068)	(\$1,575)	(\$1,866)	(\$1,479)	(\$1,382)	(\$1,743)	(\$1,760)	(\$1,829)	(\$2,426)	(\$2,639)	(\$23,265)
14	THERM SALES REVENUES	6,380,288	4,876,361	4,847,111	3,655,243	3,444,887	2,870,964	2,459,542	\$2,755,865	\$2,782,358	\$2,833,471	\$3,979,865	\$5,452,851	46,338,806
THERMS PURCHASED														
15	COMMODITY (Pipeline)	4,287,207	4,032,377	3,397,230	2,767,494	2,789,998	2,805,699	2,744,896	3,166,156	3,166,156	3,101,668	3,284,645	4,136,833	39,680,359
16	NO NOTICE RESERVATION	0	0	0	0	0	0	0	0	0	0	0	0	0
17	SWING SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
18	COMMODITY (Other)	4,528,459	4,070,658	3,348,100	2,834,452	2,807,308	2,796,189	2,711,336	3,128,556	3,129,156	3,062,568	3,239,545	4,083,433	39,749,760
19	DEMAND	16,244,400	15,161,440	16,785,880	10,769,100	9,193,980	8,897,400	9,193,980	8,897,400	9,193,980	10,035,320	16,244,400	16,785,880	147,403,160
20	OTHER	7,191	8,620	7,630	7,074	6,080	6,940	5,538	37,600	37,000	39,100	45,100	43,400	251,273
LESS END-USE CONTRACT		0	0	0	0	0	0	0	0	0	0	0	0	0
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)	4,535,650	4,079,278	3,355,730	2,841,526	2,813,388	2,803,129	2,716,874	3,166,156	3,166,156	3,101,668	3,284,645	4,136,833	40,001,033
25	NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26	COMPANY USE	(1,933)	(1,793)	(2,030)	(1,886)	(1,832)	(1,741)	(1,804)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(23,019)
27	TOTAL THERM SALES (24-26)	4,492,115	4,028,022	4,452,078	3,346,399	3,149,724	3,117,058	2,872,706	3,164,156	3,164,156	3,099,668	3,282,645	4,134,833	42,303,560
CENTS PER THERM														
28	COMMODITY (Pipeline) (1/15)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.00064	0.00064	0.00064	0.00064	0.00064	0.00027
29	NO NOTICE RESERVATION (2/16)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	SWING SERVICE (3/17)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
31	COMMODITY (Other) (4/18)	1.15964	0.84215	0.72321	0.74278	0.74549	0.62355	0.61805	0.71903	0.72277	0.74311	0.95462	1.10769	0.83352
32	DEMAND (5/19)	0.05132	0.04971	0.04966	0.05633	0.05123	0.05150	0.05148	0.05088	0.05088	0.04993	0.05005	0.05005	0.05091
33	OTHER (6/20)	1.69684	1.68561	1.56147	1.46127	1.39424	1.33991	1.32268	1.41903	1.42277	1.44311	1.65462	1.80769	1.55045
LESS END-USE CONTRACT														
34	COMMODITY Pipeline (7/21)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	DEMAND (8/22)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
36		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
37	TOTAL COST (11/24)	1.34427	1.02868	0.97352	0.95806	0.91430	0.78879	0.79370	0.87096	0.87934	0.91412	1.21240	1.31876	1.02590
38	NET UNBILLED (12/25)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
39	COMPANY USE (13/26)	1.35592	1.04685	1.01872	0.83510	1.01856	0.84951	0.76608	0.87150	0.88000	0.91450	1.21300	1.31950	1.01069
40	TOTAL THERM SALES (11/27)	1.35730	1.04177	0.73378	0.81352	0.81667	0.70935	0.75064	0.87151	0.87989	0.91471	1.21313	1.31940	0.97006
41	TRUE-UP (E-2)	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572	0.07572
42	TOTAL COST OF GAS (40+41)	1.43302	1.11749	0.80950	0.88924	0.89239	0.78507	0.82636	0.94723	0.95561	0.99043	1.28885	1.39512	1.04578
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)	1.44023	1.12311	0.81357	0.89371	0.89688	0.78902	0.83052	0.95199	0.96042	0.99541	1.29533	1.40214	1.05104
45	PGA FACTOR ROUNDED TO NEAREST .001	1.44	1.123	0.814	0.894	0.897	0.789	0.831	0.952	0.96	0.995	1.295	1.402	1.051

(\$0.8788)

FOR THE CURRENT PERIOD: JANUARY 2006 Through DECEMBER 2006

	ACTUAL						REVISED PROJECTIONS						TOTAL PERIOD
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
TRUE-UP CALCULATION													
1 PURCHASED GAS COST	\$5,263,563	\$3,442,627	\$2,433,284	\$2,115,706	\$2,101,291	\$1,752,849	\$1,683,062	\$2,302,882	\$2,314,302	\$2,332,251	\$3,167,157	\$4,612,709	\$33,521,683
2 TRANSPORTATION COST	\$833,582	\$753,660	\$833,582	\$606,655	\$470,983	\$458,221	\$473,312	\$454,726	\$469,816	\$503,049	\$815,134	\$842,781	\$7,515,501
3 TOTAL COST	\$6,097,145	\$4,196,287	\$3,266,866	\$2,722,361	\$2,572,274	\$2,211,070	\$2,156,374	\$2,757,608	\$2,784,118	\$2,835,300	\$3,982,291	\$5,455,490	\$41,037,184
4 FUEL REVENUES (Net of Revenue Tax)	\$6,380,288	\$4,876,361	\$4,847,111	\$3,655,243	\$3,444,887	\$2,870,964	\$2,459,542	\$2,755,865	\$2,782,358	\$2,833,471	\$3,979,865	\$5,452,851	\$46,338,806
4a Under-recovery*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$32,971)	(\$59,464)	(\$166,037)	(\$1,155,070)	(\$1,895,175)	(\$3,308,717)
4b ADJUSTED NET FUEL REVENUES *	\$6,380,288	\$4,876,361	\$4,847,111	\$3,655,243	\$3,444,887	\$2,870,964	\$2,459,542	\$2,722,894	\$2,722,894	\$2,667,434	\$2,824,795	\$3,557,676	\$43,030,089
5 TRUE-UP (COLLECTED) OR REFUNDED	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$276,831)	(\$3,321,972)
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	\$6,103,457	\$4,599,530	\$4,570,280	\$3,378,412	\$3,168,056	\$2,594,133	\$2,182,711	\$2,446,063	\$2,446,063	\$2,390,603	\$2,547,964	\$3,280,845	\$39,708,117
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	\$6,312	\$403,243	\$1,303,414	\$656,051	\$595,782	\$383,063	\$26,337	(\$311,545)	(\$338,055)	(\$444,697)	(\$1,434,327)	(\$2,174,645)	(\$1,329,067)
8 INTEREST PROVISION-THIS PERIOD (21)	(\$5,577)	(\$3,934)	\$320	\$5,438	\$10,245	\$14,871	\$17,595	\$18,392	\$18,260	\$17,829	\$14,947	\$8,185	\$116,571
8a ADJUST PRIOR MONTHS' INTEREST													
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	(\$1,661,181)	(\$1,383,615)	(\$707,475)	\$873,090	\$1,811,410	\$3,136,380	\$3,811,145	\$4,131,908	\$4,115,586	\$4,072,622	\$3,922,585	\$2,780,036	(\$1,661,181)
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$276,831	\$3,321,972
10a ADJUSTMENTS (if applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10b OSS 50% MARGIN SHARING	\$0	\$0	\$0	\$0	\$442,112	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$442,112
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a+10b)	(\$1,383,615)	(\$707,475)	\$873,090	\$1,811,410	\$3,136,380	\$3,811,145	\$4,131,908	\$4,115,586	\$4,072,622	\$3,922,585	\$2,780,036	\$890,407	\$890,407
INTEREST PROVISION													
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a)	(\$1,661,181)	(\$1,383,615)	(\$707,475)	\$873,090	\$1,811,410	\$3,136,380	\$3,811,145	\$4,131,908	\$4,115,586	\$4,072,622	\$3,922,585	\$2,780,036	
13 ENDING TRUE-UP BEFORE INTEREST (12+10b+7-5)	(\$1,378,038)	(\$703,541)	\$872,770	\$1,805,972	\$3,126,135	\$3,796,274	\$4,114,313	\$4,097,194	\$4,054,362	\$3,904,756	\$2,765,089	\$882,222	
14 TOTAL (12+13)	(\$3,039,219)	(\$2,087,156)	\$165,294	\$2,679,061	\$4,937,545	\$6,932,654	\$7,925,457	\$8,229,102	\$8,169,948	\$7,977,378	\$6,687,674	\$3,662,258	
15 AVERAGE (50% OF 14)	(\$1,519,610)	(\$1,043,578)	\$82,647	\$1,339,532	\$2,468,773	\$3,466,327	\$3,962,729	\$4,114,551	\$4,084,974	\$3,988,689	\$3,343,837	\$1,831,129	
16 INTEREST RATE - FIRST DAY OF MONTH	0.04300	0.04510	0.04530	0.04780	0.04960	0.05010	0.05290	0.05360	0.05360	0.05360	0.05360	0.05360	
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.04510	0.04530	0.04780	0.04960	0.05010	0.05290	0.05360	0.05360	0.05360	0.05360	0.05360	0.05360	
18 TOTAL (16+17)	0.08810	0.09040	0.09310	0.09740	0.09970	0.10300	0.10650	0.10720	0.10720	0.10720	0.10720	0.10720	
19 AVERAGE (50% OF 18)	0.04405	0.04520	0.04655	0.04870	0.04985	0.05150	0.05325	0.05360	0.05360	0.05360	0.05360	0.05360	
20 MONTHLY AVERAGE (19/12 Months)	0.00367	0.00377	0.00388	0.00406	0.00415	0.00429	0.00444	0.00447	0.00447	0.00447	0.00447	0.00447	
21 INTEREST PROVISION (15x20)	(5,577)	(3,934)	320	5,438	10,245	14,871	17,595	18,392	18,260	17,829	14,947	8,185	

* Under-recovery equals the Monthly sales volume on Sch E1/R times the difference of the Projected Cost of Gas on Sch E-1/R less the anticipated PGA rate.

COMPANY:
FLORIDA CITY GAS

TRANSPORTATION PURCHASES
SYSTEM SUPPLY AND END USE

SCHEDULE E-3
(REVISED FORM 9/24/99)

ESTIMATED FOR THE PROJECTED PERIOD OF:

JANUARY 2007 Through DECEMBER 2007

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	4,640,227		4,640,227		(\$1,578)	\$840,133	\$4,579	18.17010
Feb	Various	Sys/End-Use	FTS	4,111,204		4,111,204		(\$1,398)	\$758,830	\$4,057	18.52229
Mar	Various	Sys/End-Use	FTS	4,250,472		4,250,472		(\$1,445)	\$840,133	\$4,191	19.83024
Apr	Various	Sys/End-Use	FTS	3,494,507		3,494,507		(\$1,188)	\$596,500	\$3,446	17.13426
May	Various	Sys/End-Use	FTS	3,104,411		3,104,411		(\$1,055)	\$467,790	\$3,063	15.13324
June	Various	Sys/End-Use	FTS	3,107,735		3,107,735		(\$1,057)	\$452,700	\$3,067	14.63156
July	Various	Sys/End-Use	FTS	3,018,922		3,018,922		(\$1,026)	\$467,790	\$2,984	15.56012
Aug	Various	Sys/End-Use	FTS	2,900,539		2,900,539		(\$986)	\$467,790	\$2,865	16.19247
SeP	Various	Sys/End-Use	FTS	3,011,072		3,011,072		(\$1,024)	\$452,700	\$2,973	15.09924
Oct	Various	Sys/End-Use	FTS	3,140,317		3,140,317		(\$1,068)	\$501,064	\$3,102	16.02061
Nov	Various	Sys/End-Use	FTS	3,193,442		3,193,442		(\$1,086)	\$813,032	\$3,157	25.52428
Dec	Various	Sys/End-Use	FTS	3,929,060		3,929,060		(\$1,336)	\$840,133	\$3,877	21.44722
TOTAL				41,901,908		41,901,908		(\$14,247)	\$7,498,595	\$41,361	17.96030

COMPANY:
FLORIDA CITY GAS

CALCULATION OF TRUE-UP AMOUNT
PROJECTED PERIOD

SCHEDULE E-4
(REVISED FORM 9/24/99)

ESTIMATED FOR THE PROJECTED PERIOD:

JANUARY 2007

Through

DECEMBER 2007

		PRIOR PERIOD: JANUARY 05 - DECEMBER 05			CURRENT PERIOD: JAN '06 - DEC '06			
		(1) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE	(2) ACTUAL	(3) Col(2)-Col(1) DIFFERENCE	(4) SEVEN MONTHS ACTUAL PLUS FIVE MONTHS REVISED ESTIMATE	(5) Col(3)+Col(4) TOTAL TRUE-UP		
1	TOTAL THERM SALES \$ E-2 Line 6	\$39,671,771	A-2 Line 6 \$42,451,184	\$2,779,413	E-2 Line 6 \$39,708,117	\$42,487,530		
2	TRUE-UP PROVISION FOR THIS PERIOD OVER (UNDER) COLLECTION E-2 Line 7	(\$3,799,293)	A-2 Line 7 (\$1,849,526)	\$1,949,767	E-2 Line 7 (\$1,329,067)	\$620,700		
2a	ADJUSTMENTS * E-2 Line 10a	\$0	A-2 Line 10b \$490	\$490	E-2 Line 10a \$0	\$490		
2a	OSS 50% MARGIN SHARING E-2 Line 10b	\$277,000	A-2 Line 10b \$0	(\$277,000)	E-2 Line 10b \$442,112	\$165,112		
3	INTEREST PROVISION FOR THIS PERIOD E-2 Line 8	\$82,369	A-2 Line 8 \$69,900	(\$12,469)	E-2 Line 8 \$116,571	\$104,102		
4	END OF PERIOD TOTAL NET TRUE-UP L2+2a+L3	(\$3,439,924)	(\$1,779,136)	\$1,660,788	(\$770,384)	\$890,404		

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>	<u>Over / (Under) Recovered</u>		<u>True-up, charge / (credit)</u>
COLUMN (2)	DATA OBTAINED FROM SCHEDULE (A-2)	PROJECTED THERM SALES	\$890,404	equals	(\$0.02102) \$/Therm
LINE 4 COLUMN (3)	SAME AS LINE 7 SCHEDULE (A-7)		42,364,308		(\$2.102) Cents Per Therm
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)				

* Audit Adjustment

Exhibit _____ (TK-2)
6 of 8

COMPANY:		THERM SALES AND CUSTOMER DATA											SCHEDULE E-5	
FLORIDA CITY GAS		ESTIMATED FOR THE PROJECTED PERIOD: JANUARY 2007 through DECEMBER 2007											(REVISED FORM 9/03)	
													Page 1 of 2	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	
THERM SALES (FIRM)														
1 RESIDENTIAL	2,432,076	2,115,971	1,959,839	1,568,871	1,305,662	1,266,860	1,227,222	1,212,002	1,244,981	1,279,966	1,371,212	1,771,333	18,755,995	
2 GAS LIGHTS	1,876	1,756	1,727	1,704	1,758	1,788	1,795	1,793	1,857	2,068	1,766	1,974	21,862	
3 COMMERCIAL	2,223,947	2,010,530	2,072,604	1,912,120	1,783,423	1,824,457	1,797,785	1,695,599	1,767,277	1,857,876	1,832,186	2,169,832	22,947,636	
4 LARGE COMMERCIAL	30,428	26,447	255,702	45,712	46,668	46,830	32,120	26,745	31,957	37,507	31,378	27,321	638,815	
5 NATURAL GAS VEHICLES	-	-	-	-	-	-	-	-	-	-	-	-	-	
6 TOTAL FIRM	4,688,327	4,154,704	4,289,872	3,528,407	3,137,511	3,139,935	3,058,922	2,936,139	3,046,072	3,177,417	3,236,542	3,970,460	42,364,308	
THERM SALES (INTERRUPTIBLE)														
7 INTERRUPTIBLE PREFERRED	-	-	-	-	-	-	-	-	-	-	-	-	-	
8 INTERRUPTIBLE LARGE VOLUME	-	-	-	-	-	-	-	-	-	-	-	-	-	
9 TOTAL INTERRUPTIBLE	-	-	-	-	-	-	-	-	-	-	-	-	-	
THERM TRANSPORTED														
10 COMMERCIAL TRANSP.	2,196,664	1,902,497	2,143,700	1,929,595	1,970,866	1,929,439	1,924,752	1,981,318	1,894,579	1,951,612	2,006,812	2,121,446	23,953,280	
11 SMALL COMMERCIAL TRANSP. FIRM	2,308,611	2,076,700	2,181,847	2,018,306	1,904,829	1,983,095	1,949,682	1,903,961	1,959,200	1,909,843	1,822,975	2,140,320	24,159,369	
12 SMALL COMMERCIAL TR - INTER.	-	-	-	-	-	-	-	-	-	-	-	-	-	
13 SMALL COMMERCIAL TRANSP - NGV	1,522	1,709	1,479	1,592	1,513	1,915	1,961	4,274	1,388	1,557	520	1,283	20,713	
14 INTERRUPTIBLE TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
15 CONTRACT INTERRUPT. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
16 INTERRUPT. LG. VOL. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
17 CONTR. INTERR. LG. VOL. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
18 SPECIAL CONTRACT TRANSP.	973,697	914,425	1,042,655	941,082	931,182	947,242	972,741	894,398	2,603,092	1,053,471	1,074,234	1,097,696	13,445,915	
19 TOTAL TRANSPORTATION	5,480,494	4,895,331	5,369,681	4,890,575	4,808,390	4,861,691	4,849,136	4,783,951	6,458,259	4,916,483	4,904,541	5,360,745	61,579,277	
TOTAL THERMS SALES & TRANSP.	10,168,821	9,050,035	9,659,553	8,418,982	7,945,901	8,001,626	7,908,058	7,720,090	9,504,331	8,093,900	8,141,083	9,331,205	103,943,585	
NUMBER OF CUSTOMERS (FIRM)														
20 RESIDENTIAL	97,687	97,846	97,815	97,611	97,471	97,389	97,389	96,918	96,851	97,003	97,404	97,817	97,433	
21 GAS LIGHTS	217	217	216	217	217	216	216	216	215	216	216	216	216	
22 COMMERCIAL	4,123	4,127	4,135	4,137	4,146	4,147	4,151	4,109	4,107	4,110	4,259	4,137	4,141	
23 LARGE COMMERCIAL	3	4	4	4	4	4	4	4	5	3	3	3	4	
24 NATURAL GAS VEHICLES	-	-	-	-	-	-	-	-	-	-	-	-	-	
25 TOTAL FIRM	102,030	102,194	102,170	101,969	101,838	101,756	101,760	101,247	101,178	101,332	101,882	102,173	101,794	
NUMBER OF CUSTOMERS (INTERRUPTIBLE)														
26 INTERRUPTIBLE PREFERRED	-	-	-	-	-	-	-	-	-	-	-	-	-	
27 INTERRUPTIBLE LARGE VOLUME	-	-	-	-	-	-	-	-	-	-	-	-	-	
28 TOTAL INTERRUPTIBLE	-	-	-	-	-	-	-	-	-	-	-	-	-	
NUMBER OF CUSTOMERS (TRANSPORTATION)														
29 COMMERCIAL TRANSP.	76	76	76	75	75	75	75	76	76	79	77	77	76	
30 SMALL COMMERCIAL TRANSP. FIRM	1,502	1,501	1,504	1,505	1,503	1,506	1,503	1,506	1,507	1,512	1,510	1,511	1,506	
31 SMALL COMMERCIAL TR - INTER.	-	-	-	-	-	-	-	-	-	-	-	-	-	
32 SMALL COMMERCIAL TRANSP - NGV	2	2	2	2	2	2	2	3	3	3	2	2	2	
33 INTERRUPTIBLE TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
34 CONTRACT INTERRUPT. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
35 INTERRUPT. LG. VOL. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
36 CONTR. INTERR. LG. VOL. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-	
37 SPECIAL CONTRACT TRANSP.	8	8	11	11	10	11	11	12	12	8	8	8	10	
38 TOTAL TRANSPORTATION	1,588	1,603	1,602	1,603	1,605	1,608	1,608	1,607	1,610	1,606	1,609	1,609	1,594	
TOTAL CUSTOMERS	103,618	103,797	103,772	103,572	103,443	103,364	103,368	102,854	102,788	102,938	103,491	103,782	103,388	

THERM SALES AND CUSTOMER DATA

DECEMBER 2007

JANUARY 2007 through

ESTIMATED FOR THE PROJECTED PERIOD:

COMPANY:
FLORIDA CITY GAS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
THERM USE PER CUSTOMER													
39 RESIDENTIAL	25	22	20	16	13	13	13	13	13	13	14	18	193
40 GAS LIGHTS	9	8	8	8	8	8	8	8	9	10	8	9	101
41 COMMERCIAL	539	487	501	462	430	440	433	413	430	452	430	524	5,542
42 LARGE COMMERCIAL	10,143	6,612	63,926	11,428	11,667	11,708	8,030	6,686	6,391	12,502	10,459	9,107	159,704
43 NATURAL GAS VEHICLES	-	-	-	-	-	-	-	-	-	-	-	-	-
44 INTERRUPTIBLE PREFERRED	-	-	-	-	-	-	-	-	-	-	-	-	-
45 INTERRUPTIBLE LARGE VOLUME	-	-	-	-	-	-	-	-	-	-	-	-	-
46 COMMERCIAL TRANSP.	28,903	25,033	28,207	25,728	26,278	25,726	25,663	26,070	24,929	24,704	26,062	27,551	315,175
47 SMALL COMMERCIAL TRANSP. FIRM	1,537	1,384	1,451	1,341	1,267	1,317	1,297	1,264	1,300	1,263	1,207	1,416	16,042
48 SMALL COMMERCIAL TR - INTER.	-	-	-	-	-	-	-	-	-	-	-	-	-
49 SMALL COMMERCIAL TRANSP - NGV	761	855	740	796	757	958	981	1,425	463	519	260	642	10,357
50 INTERRUPTIBLE TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-
51 CONTRACT INTERRUPT. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-
52 INTERRUPT. LG. VOL. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-
53 CONTR. INTERRU. LG. VOL. TRANSP.	-	-	-	-	-	-	-	-	-	-	-	-	-
54 SPECIAL CONTRACT	121,712	114,303	94,787	85,553	93,118	86,113	88,431	74,533	216,924	131,684	134,279	137,212	1,344,592