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Public Service Commission
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RECEIVED-FPSC
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COMMISSION CLERK

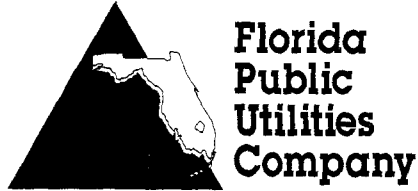
DATE: February 22, 2007
TO: Ann Cole, Division of the Commission Clerk & Administrative Services
FROM: John Slemkewicz, Division of Economic Regulation JS
RE: Docket No. 070108-GU, Florida Public Utilities Company – Document for Inclusion in Docket File.

Please include the attached document as an official document in the docket file for Docket No. 070108-GU, Investigation into 2005 Earnings of the Gas Division of Florida Public Utilities Company.

The document is a letter from Cheryl Martin (FPUC) to John Slemkewicz (FPSC), dated February 13, 2007, concerning a proposal for the disposition of any overearnings for 2005.

cc: Cheryl Bulecza-Banks
Ralph Jaeger

DOCUMENT NUMBER-DATE
01726 FEB 22 05
FPSC-COMMISSION CLERK



401 South Dixie Highway
West Palm Beach, FL 33401

February 13, 2007

Mr. John Slemkewicz
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 070107-GU

Dear Mr. Slemkewicz:

Per our discussion last week, Florida Public Utilities Company would propose that any overearnings for the natural gas division attributable to 2005 be applied to the storm reserve. As part of this, we propose that any overearnings be applied to the unrecovered storm costs currently being recovered through the surcharge approved in Docket No. 041441-GU and any remaining overearnings then be applied to the storm reserve to cover future storm related costs.

Should this proposal be accepted, FPUC would stop collecting the natural gas storm surcharge in the first billing cycle within a new calendar month thirty (30) days after an order approving this proposal becomes final. Upon stopping the surcharge Docket 041441-GU would be closed. This proposal would resolve all issues as to any 2005 natural gas overearnings.

For your information, attached is a copy of the current regulatory asset as it relates to the storm surcharge and remaining unrecovered costs as of 12/31/06.

Please let me know if you have any questions or require any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl Martin".

Cheryl Martin
Controller

cc: Office of Public Counsel
FPUC – Bachman, Stein, English, Kennedy, Kitner
Norman H. Horton, Jr., Esq.

07 FEB 16 AM 10:29
COMMUNICATIONS SECTION

**Florida Public Utilities Company
NATURAL GAS DIVISIONS
121.1820.32 - Regulatory Asset Storm Reserve
December 2006**

Exhibit CMM-1
Docket No. 070107-GU
Docket No.041441-GU

DATE	Recovery Amount	Interest Income	Recovered Amount	Balance
BALANCES	469,801.37	5,649.51	(23,123.79)	452,327.09
Jan-06		1,960.11	(23,354.58)	430,932.62
Feb-06		1,722.58	(22,776.04)	409,879.16
Mar-06		1,863.66	(20,212.33)	391,530.49
Apr-06		1,780.71	(17,886.92)	375,424.28
May-06		1,831.47	(14,537.23)	362,718.52
Jun-06		1,761.55	(12,663.43)	351,816.64
Jul-06		1,806.10	(12,251.23)	341,371.51
Aug-06		1,754.11	(11,597.70)	331,527.92
Sep-06		1,592.42	(20,419.28)	312,701.06
Oct-06		1,651.93	(12,553.05)	301,799.94
Nov-06		1,546.63	(15,602.09)	287,744.48
Dec-06		1,523.98	(19,229.09)	270,039.37
	469,801.37	26,444.76	(226,206.76)	270,039.37