

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** August 17, 2007

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Lester, Draper, Matlock, McNulty)  
Office of the General Counsel (Bennett, Young)

**RE:** Docket No. 070001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

**AGENDA:** 08/28/07 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Carter

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\070001.RCM.DOC

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### Case Background

By Order No. 13694,<sup>1</sup> issued September 20, 1984, in Docket No. 840001-EI, the Commission required each investor-owned electric utility (IOU) to notify the Commission when its “projected fuel revenues” were expected to result in an over or under recovery in excess of 10 percent of its “projected fuel costs” for the given recovery period. Depending on the magnitude of the over or under recovery and the length of time remaining in the recovery period, a party may request, or the Commission may approve on its own motion, a mid-course correction to the utility’s authorized fuel cost recovery factors.

<sup>1</sup> See Order No. 13694, issued September 20, 1984, in Docket No. 840001-EI, In Re: Fuel and purchased power cost recovery with generating performance incentive factor.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Docket No. 070001-EI  
Date: August 17, 2007

On August 1, 2007, Florida Public Utility Company (FPUC) petitioned for approval of mid-course corrections to its currently authorized fuel cost recovery factors for the 2007 cost recovery period. FPUC notified the Commission staff that, based on the recovery factors approved by Order No. PSC-06-1057-FOF-EI,<sup>2</sup> issued December 22, 2006, in Docket No. 060001-EI, its estimated 2007 under recoveries were \$915,677 (Fernandina Beach Division or FPUC-F) and \$690,530 (Marianna Division or FPUC-M). Further, FPUC petitioned for recovery of those amounts from October through December 2007.

Jurisdiction over this matter is vested in the Commission by several provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

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<sup>2</sup> See Order No. PSC-06-1057-PAA-EI, issued on December 22, 2006, in Docket No. 060001-EI, In Re: Fuel and purchased power cost recovery with generating performance incentive factor.

### Discussion of Issues

**Issue 1:** Should the Commission approve FPUC's petition for mid-course corrections to its authorized fuel and purchased power cost recovery factors allowing FPUC to collect its estimated 2007 under recoveries for the Fernandina Beach Division (\$915,677) and the Marianna Division (\$690,530) before 2008?

**Recommendation:** Yes. The Commission should approve FPUC's petition. Accordingly, the Commission should approve FPUC's increases to its cost recovery factors to collect its estimated 2007 under recoveries for its Fernandina Beach Division (\$916,677) and its Marianna Division (\$690,530). Staff recommends the Commission approve FPUC's proposed rate class recovery factors as more specifically set forth in Attachment A.

**Staff Analysis:** FPUC has petitioned the Commission to increase its cost recovery factors from 3.412 cents per kWh to 4.494 cents per kWh (FPUC-F) and from 2.709 cents per kWh to 3.583 (FPUC-M), beginning September 28, 2007. Staff notes that FPUC's final recovery factors for all rate classes also include purchased power demand costs as well as the fuel cost recovery factor. The total factors (fuel cost recovery factor plus purchased power demand costs) are shown in Attachment A, which demonstrates FPUC's 2007 current factors for all rate classes and proposed mid-course correction factors. Based on FPUC's testimony filed in its mid-course correction petition, these new factors would eliminate the above estimated 2007 under recovery amounts if approved by the Commission.

FPUC states that estimated 2007 under recoveries occurred because (1) there was a significant under estimate of power purchases and (2) there was less demand for power than FPUC previously estimated. Staff conducted an informal meeting with FPUC and OPC present. In that meeting, FPUC was asked to explain its petition. FPUC explained that the larger portion of the under recovery is attributed to FPUC's under estimation of the total 2007 power purchases FPUC would need for all of its rate classes. FPUC's 2007 recovery factors were set based on a lower amount of power being purchased in 2007 than is actually being purchased. Had FPUC more accurately estimated the total amount of power purchases it would need to serve its customers in 2007, its 2007 recovery factor would have been higher throughout 2007. The lower estimate of power purchases contributed significantly to FPUC's under recovery.

The significant under estimate of power purchases is reflected in the 2007 cost-recovery factors' components labeled "Net Unbilled Sales, Company Use, and Transmission and Distribution Losses" found on Schedule E-1 (Attachment C). The aggregate component consists primarily of Transmission and Distribution Losses. In 2004, 2005, and 2006, the aggregates averaged 21,816 mWh (FPUC-F) and 18,807 mWh (FPUC-M) annually. The aggregates' estimates for 2007 were 6,964 mWh (FPUC-F) and 12,024 mWh (FPUC-M). The under estimates were of the additional megawatt-hour purchases ("wholesale") necessary for the divisions' estimates of megawatt-hour sales ("retail"). Had 2007's estimated megawatt-hour aggregates been closer to their typical annual totals, the 2007 recovery factors would have been greater and the 2007 estimated revenues would be greater. Thus, the estimated 2007 under recoveries would be lower.

While overall power sales increased as discussed above, a smaller portion of FPUC's under recovery is attributed to FPUC's over estimation of power sales to the residential rate class relative to the other rate classes. Since the allocation of expenses to the residential class for power sales is higher than it is for the other rate classes, the over estimate of sales to the residential class caused the expenses allocated to the class to be under recovered.

Order No. PSC-07-0333-PAA-EI<sup>3</sup> clarified that the Commission requires each electric IOU to notify the Commission when its revenues minus its fuel-and-purchased-power expenses are ten percent or greater of its recovery-period revenues. Revenues minus expenses are as represented by the utility's estimated December End-of-Period Total Net True-up. Revenues are as represented by period-total estimated Jurisdictional Fuel Revenues Applicable to Period. Staff has reviewed FPUC's 2007 E1-B Schedules and confirmed that FPUC schedules show it is under recovering.

Cost recovery factor mid-course corrections usually are made when mid-course percentages are 10 percent or greater. FPUC's estimated December 2007 under recovery percentages amount to minus 4.19 percent (FPUC-F) and minus 4.87 percent (FPUC-M). FPUC has petitioned for recovery factor revisions to reduce the estimated 2007 under recoveries to zero dollars (estimated) by year's end. The reduced 2007 under recoveries would lessen the amounts to be trued up in 2008 and more closely levelize the remaining 2007 charges with those it currently forecasts for the 2008 cost-recovery period. In a 2000 case similar to this one, the Commission approved a mid-course correction of less than 10 percent for Progress Energy Florida (Florida Power Corporation), which Progress petitioned for based on similar reasoning.<sup>4</sup>

Cost recovery factors normally are constant, or "levelized," within recovery periods. The above orders do not specify that recovery factors are to be levelized between periods, merely that over/under recoveries of ten percent or greater should not be carried to subsequent recovery periods without the Commission being notified. Order No. PSC-07-0333-PAA-EI states: "In determining whether a mid-course correction is practical, an electric IOU may consider such things as the potential correction's estimated magnitude and the correction's timing." FPUC has considered between year recovery factor changes in determining whether its proposed corrections are practical. Although the estimated 2007 mid-course percents are less than 10 percent, FPUC has petitioned for the proposed corrections in the spirit of Order No. PSC-07-0333-PAA-EI. Implementing the proposed October to December recovery factors would lessen the 2008 factors. That is, with the proposed mid-course correction, ratepayers would benefit from 2008's factors being closer to 2007's. Due to the new purchased power contracts entered into by FPUC in 2007 and 2006, staff believes that with or without the proposed recovery factor revisions, the forthcoming proposed 2008 factors will be greater than the proposed October to December factors.

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<sup>3</sup> See Order No. PSC-06-0333-PAA-EI, issued on April 16, 2007, in Docket No. 070001-EI, In Re: Fuel and purchased power cost recovery with generating performance incentive factor.

<sup>4</sup> See Order No. PSC-00-1081-PCO-EI, issued on June 5, 2000, in Docket No. 000001-EI, In Re: Fuel and purchased power cost recovery with generating performance incentive factor.

### **Impact of Mid-Course Correction on FPUC's Ratepayers**

If the Commission approves FPUC's petition, the 1,000 kWh residential bill would increase by \$9.52/month (13.54 percent) to \$79.81 per month in the Northwest Division. For the Northeast Division, the 1,000 kWh monthly bill would increase by \$12.15 (15.58 percent), to \$90.13. Staff notes that even with the proposed increases, FPUC's 1,000 kWh residential bills will be lower than the current 1,000 kWh bills of the other electric IOU's. See Attachment B.

### **Conclusion**

Mid-course corrections are preliminary matters raised in the fuel docket prior to the issuance of the final fuel order. Requests for mid-course corrections require expedited review. FPUC must still file testimony in the fuel docket to support its reprojected and actual numbers. Staff will continue to conduct discovery on the actual and estimated expenditures of FPUC and if additional corrections are necessary, they will be addressed in the final order, after the Commission conducts the fuel hearing in November.

FPUC has proposed modifications to its 2007 cost recovery factors to collect estimated 2007 under recoveries. The new recovery factors will be collected from FPUC customers from October through December 2007. By beginning collection of the 2007 under recoveries in October 2007, the 2008 recovery factors will be less than if customers waited until 2008 to pay for the under recoveries. Staff believes that FPUC's proposal is reasonable. Although the under recovered amounts are small compared to estimated revenues, the proposed October to December 2007 recovery factor increases are significant.

Based on the foregoing, staff recommends that the Commission approve FPUC's petition for mid-course corrections to its authorized cost recovery factors to collect its estimated 2007 under recoveries for its Fernandina Beach Division (\$916,677) and its Marianna Division (\$690,530) before 2008. Staff recommends the Commission approve FPUC's proposed rate class cost recovery factors as more specifically set forth in Attachment A.

**Issue 2:** What is the appropriate effective date for FPUC's revised cost-recovery factors?

**Recommendation:** The effective date of the revised cost-recovery factors should be September 28, 2007. (Matlock, Draper, Lester)

**Staff Analysis:** FPUC has requested an effective date of October 1, 2007. The first billing cycle day for October 2007 is September 28, 2007. In other words, customers whose meters are read on September 28, 2007 will receive their bills in October and they will be billed under the new recovery factors. An effective date of September 28, 2007 will ensure that all customers are billed under the new factors for the same amount of time.

FPUC informed staff that it will notify its customers of the mid-course correction through a bill insert. Specifically, the bill insert will state FPUC's total under-recovery amount for each division, the effective date of the proposed cost recovery factors, and the impact on a 1,000 kWh residential bill. Staff has reviewed the bill insert and FPUC is ready to mail the bill inserts after the August 28, 2007 Agenda Conference.

Providing customers with a 30-day notice period prior to implementing new cost-recovery factors as a result of a mid-course correction is consistent with the Commission's decision in the July 2003 Florida Power & Light Company (FPL) mid-course correction.<sup>5</sup> Similarly, in the April 2003 FPL mid-course correction, FPL notified its ratepayers in writing of the new recovery factors.<sup>6</sup> In 2000, FPL, Progress Energy Florida, and Tampa Electric Company petitioned for mid-course corrections. In those cases, the Commission delayed the implementation of the new recovery factors for approximately two weeks to provide customers with the full 30 days' notice from the date of the vote.<sup>7</sup> Providing 30-days' notice allows customers the opportunity to adjust their usage in light of the new factors. Prior to the 2000 mid-course corrections, the Commission typically did not require a 30-day notice period prior to implementing new factors after a mid-course correction.

Staff believes that the September 28, 2007, effective date for bills commencing with the first billing cycle starting on September 28, 2007, and FPUC's plan to notify its customers are appropriate and should be approved.

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<sup>5</sup> See Order No. PSC-03-0849-PCO-EI, issued on July 22, 2003, in Docket No. 030001-EI, In Re: Fuel and purchased power cost recovery with generating performance incentive factor.

<sup>6</sup> See Order No. PSC-03-0381-PCO-EI, issued on March 19, 2003, in Docket No. 030001-EI, In Re: Fuel and purchased power cost recovery with generating performance incentive factor.

<sup>7</sup> See Order No. PSC-00-1081-PCO-EI, issued on June 5, 2000, in Docket No. 000001-EI, In Re: Fuel and purchased power cost recovery with generating performance incentive factor.

Docket No. 070001-EI  
Date: August 17, 2007

**Issue 3**: Should this docket be closed?

**Recommendation**: No. The Fuel and Purchased Power Cost Recovery Clause is an on-going docket and should remain open.

**Staff Analysis**: The Fuel and Purchased Power Cost Recovery Clause docket is an ongoing docket should remain open. If Issue 1 is approved, the cost recovery factor should become effective September 28, 2007.

FPUC's current (Jan-Sept 2007) and proposed (Oct-Dec 2007) fuel cost-recovery factors for all rate classes:

**Fernandina Beach (Northeast Division)**

<u>Rate Schedule</u>	Current Fuel cost-recovery factor (c/kWh)	Proposed Fuel cost-recovery factor (c/kWh)
RS	5.170	6.355
GS	5.056	6.235
GSD	4.812	5.977
GSLD	4.850	6.019
OL	3.684	4.786
SL	3.697	4.824

**Marianna (Northwest Division)**

<u>Rate Schedule</u>	Current Fuel cost-recovery factor (c/kWh)	Proposed Fuel cost-recovery factor (c/kWh)
RS	4.420	6.355
GS	4.366	6.235
GSD	4.177	5.977
GSLD	4.001	6.019
OL	3.447	4.786
SL	3.463	4.824



<b>RESIDENTIAL FUEL COST-RECOVERY FACTORS</b>							
<b>October - December 2007</b>							
<b>Period</b>		<b>Florida Power &amp; Light Co.</b>	<b>Progress Energy Florida, Inc.</b>	<b>Tampa Electric Company</b>	<b>Gulf Power Company</b>	<b>Florida Public Utilities Co.</b>	
					<b>Marianna</b>	<b>Fernandina Beach</b>	
Present (cents per kwh):	May 23 - Sept 2007	5.295	4.798	5.922	3.959	4.420	5.170
Revised (cents per kwh):	October - December 2007	5.295	4.798	5.922	3.959	5.348	6.355
	Increase / (Decrease):	0.000	0.000	0.000	0.000	0.928	1.185
<b>TOTAL MONTHLY BILL - RESIDENTIAL SERVICE - 1,000 KILOWATT HOURS</b>							
<b>Present</b>		<b>Florida Power &amp; Light Co.</b>	<b>Progress Energy Florida, Inc.</b>	<b>Tampa Electric Company</b>	<b>Gulf Power Company</b>	<b>Florida Public Utilities Co.</b>	
<b>May 23 - September, 2007</b>					<b>Marianna</b>	<b>Fernandina Beach</b>	
Base Rate Charges		\$39.37	\$41.18	\$51.92	\$49.30	\$23.73	\$23.73
Fuel and Purchased Power Cost Recovery Clause		\$52.95	\$47.98	\$59.22	\$39.59	\$44.20	\$51.70
Energy Conservation Cost Recovery Clause		\$1.69	\$1.96	\$0.73	\$0.88	\$0.60	\$0.60
Environmental Cost Recovery Clause		\$0.24	\$1.53	-\$3.44	\$3.87	N/A	N/A
Capacity Cost Recovery Clause		\$5.57	\$11.32	\$3.25	\$3.11	N/A	N/A
Storm Damage Cost Surcharge		\$1.02	\$3.61	N/A	\$2.57	N/A	N/A
Gross Receipts Tax		\$2.59	\$2.76	\$2.86	\$2.55	\$1.76	\$1.95
<b>Total</b>		<b>\$103.43</b>	<b>\$110.34</b>	<b>\$114.54</b>	<b>\$101.87</b>	<b>\$70.29</b>	<b>\$77.98</b>
<b>Revised</b>		<b>Florida Power &amp; Light Co.</b>	<b>Progress Energy Florida, Inc.</b>	<b>Tampa Electric Company</b>	<b>Gulf Power Company</b>	<b>Florida Public Utilities Co.</b>	
<b>October - December 2007</b>					<b>Marianna</b>	<b>Fernandina Beach</b>	
Base Rate Charges		\$39.37	\$41.18	\$51.92	\$49.30	\$23.73	\$23.73
Fuel and Purchased Power Cost Recovery Clause		\$52.95	\$47.98	\$59.22	\$39.59	\$53.48	\$63.55
Energy Conservation Cost Recovery Clause		\$1.69	\$1.96	\$0.73	\$0.88	\$0.60	\$0.60
Environmental Cost Recovery Clause		\$0.24	\$1.53	-\$3.44	\$3.87	N/A	N/A
Capacity Cost Recovery Clause		\$5.57	\$11.32	\$3.25	\$3.11	N/A	N/A
Storm Damage Cost Surcharge		\$1.02	\$3.61	N/A	\$2.57	N/A	N/A
Gross Receipts Tax		\$2.59	\$2.76	\$2.86	\$2.55	\$2.00	\$2.25
<b>Total</b>		<b>\$103.43</b>	<b>\$110.34</b>	<b>\$114.54</b>	<b>\$101.87</b>	<b>\$79.81</b>	<b>\$90.13</b>
<b>Increase / (Decrease)</b>		<b>Florida Power &amp; Light Co.</b>	<b>Progress Energy Florida, Inc.</b>	<b>Tampa Electric Company</b>	<b>Gulf Power Company</b>	<b>Florida Public Utilities Co. (2)</b>	
					<b>Marianna</b>	<b>Fernandina Beach</b>	
Base Rate Charges		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fuel and Purchased Power Cost Recovery Clause		\$0.00	\$0.00	\$0.00	\$0.00	\$9.28	\$11.85
Energy Conservation Cost Recovery Clause		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Environmental Cost Recovery Clause		\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A
Capacity Cost Recovery Clause		\$0.00	\$0.00	\$0.00	\$0.00	N/A	N/A
Storm Damage Cost Surcharge		\$0.00	\$0.00	N/A	\$0.00	N/A	N/A
Gross Receipts Tax		\$0.00	\$0.00	\$0.00	\$0.00	\$0.24	\$0.30
<b>Total</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9.52</b>	<b>\$12.15</b>

SCHEDULE E1  
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**FLORIDA PUBLIC UTILITIES COMPANY**  
**FUEL AND PURCHASED POWER**  
**COST RECOVERY CLAUSE CALCULATION**

ESTIMATED FOR THE PERIOD: JANUARY 2007 THROUGH DECEMBER 2007 - revised 10/26/2006

**FERNANDINA BEACH (NORTHEAST 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	0.0000
6 Fuel Cost of Purchased Power (Exclusive of Economy) (E7)	8,741,883	489,467	1.78600
7 Energy Cost of Sched C & X Econ Purch (Broker) (E8)			
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)	13,407,806	489,467	2.73923
10a Demand Costs of Purchased Power	6,799,800 *		
10b Non-fuel Energy & Customer Costs of Purchased Power	6,607,806 *		
11 Energy Payments to Qualifying Facilities (E8a)	54,263	2,998	1.80997
12 TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	22,203,752	492,465	4.50870
13 TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	22,203,752	492,465	4.50870
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)	22,203,752	492,465	4.50870
21 Net Unbilled Sales	0 *	0	0.00000
22 Company Use	22,814 *	506	0.00470
23 T & D Losses	281,127 *	6,457	0.05996
24 SYSTEM MWH SALES	22,203,752	485,502	4.57336
25 Wholesale MWH Sales			
26 Jurisdictional MWH Sales	22,203,752	485,502	4.57336
26a Jurisdictional Loss Multiplier	1.00000	1.00000	
27 Jurisdictional MWH Sales Adjusted for Line Losses	22,203,752	485,502	4.57336
27a GSLD1 MWH Sales		137,248	
27b Other Classes MWH Sales		348,254	
27c GSLD1 CP KW		159,300 *	
28 GPIF **			
29 TRUE-UP (OVER) UNDER RECOVERY **	892,682	485,502	0.18387
30 TOTAL JURISDICTIONAL FUEL COST	23,096,434	485,502	4.75723
30a Demand Purchased Power Costs (Line 10a)	6,799,800 *		
30b Non-demand Purchased Power Costs (Lines 6 + 10b + 11)	15,403,952 *		
30c True up Over/Under Recovery (Line 29)	892,682 *		

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

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 060001-EI  
 FLORIDA PUBLIC UTILITIES COMPANY  
 (CMM-3)  
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FPSC-COMMISSION CLERK

SCHEDULE E1  
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**FLORIDA PUBLIC UTILITIES COMPANY**  
**FUEL AND PURCHASED POWER**  
**COST RECOVERY CLAUSE CALCULATION**

ESTIMATED FOR THE PERIOD: JANUARY 2007 THROUGH DECEMBER 2007 - revised 10/26/2008

<u>FERNANDINA BEACH (NORTHEAST DIVISION)</u>		(a)	(b)	(c)
		DOLLARS	MWH	CENTS/KWH
<b>APPORTIONMENT OF DEMAND COSTS</b>				
31	Total Demand Costs (Line 30a)	6,799,800		
32	GSLD1 Portion of Demand Costs (Line 30a) Including Line Losses (Line 27c x \$7.21)	1,148,553	159,300 (KW)	\$7.21 /KW
33	Balance to Other Classes	5,651,247	348,254	1.62274
<b>APPORTIONMENT OF NON-DEMAND COSTS</b>				
34	Total Non-demand Costs (Line 30b)	15,403,952		
35	Total KWH Purchased (Line 12)		492,465	
36	Average Cost per KWH Purchased			3.12793
37	Average Cost Adjusted for Line Losses (Line 35 x 1.03)			3.22309
38	GSLD1 Non-demand Costs (Line 27a x Line 37)	4,423,628	137,248	3.22309
39	Balance to Other Classes	10,980,324	348,254	3.15296
<b>GSLD1 PURCHASED POWER COST RECOVERY FACTORS</b>				
40a	Total GSLD1 Demand Costs (Line 32)	1,148,553	159,300 (KW)	\$7.21 /KW
40b	Revenue Tax Factor			1.00072
40c	GSLD1 Demand Purchased Power Factor Adjusted for Taxes & Rounded			\$7.22 /KW
40d	Total Current GSLD1 Non-demand Costs (Line 38)	4,423,628	137,248	3.22309
40e	Total Non-demand Costs Including True-up	4,423,628	137,248	3.22309
40f	Revenue Tax Factor			1.00072
40g	GSLD1 Non-demand Costs Adjusted for Taxes & Rounded			3.22541
<b>OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS</b>				
41a	Total Demand & Non-demand Purchased Power Costs of Other Classes (Line 33 + 39)	16,631,571	348,254	4.77570
41b	Less: Total Demand Cost Recovery	5,651,247 ***		
41c	Total Other Costs to be Recovered	10,980,324	348,254	3.15296
41d	Other Classes' Portion of True-up (Line 30c)	892,692	348,254	0.25633
41e	Total Demand & Non-demand Costs Including True-up	11,873,006	348,254	3.40929
42	Revenue Tax Factor			1.00072
43	Other Classes Purchased Power Factor Adjusted for Taxes & Rounded			3.412

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

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 060001-EI  
 FLORIDA PUBLIC UTILITIES COMPANY  
 (CMM-3)  
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**FLORIDA PUBLIC UTILITIES COMPANY**  
**FUEL AND PURCHASED POWER**  
**COST RECOVERY CLAUSE CALCULATION**  
ESTIMATED FOR THE PERIOD: JANUARY 2007 - DECEMBER 2007

SCHEDULE E1  
PAGE 1 OF 2

<u>MARIANNA (NORTHWEST DIVISION)</u>		(a)	(b)	(c)
		<u>DOLLARS</u>	<u>MWH</u>	<u>CENTS/KWH</u>
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)	8,248,070	348,558	2.38000
7	Energy Cost of Sched C & X Econ Purch (Broker) (E8)			
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)	5,672,237	348,558	1.63674
10a	Demand Costs of Purchased Power	5,180,489 *		
10b	Transformation Energy & Customer Costs of Purchased Power	491,748 **		
11	Energy Payments to Qualifying Facilities (E9a)			
12	TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	13,920,307	348,558	4.01673
13	TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	13,920,307	348,558	4.01673
14	Fuel Cost of Economy Sales (E6)			
15	Gain on Economy Sales (E6)			
16	Fuel Cost of Unit Power Sales (SL2 Parpts) (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)	13,920,307	348,558	4.01673
21	Net Unbilled Sales	0 *	0	0.00000
22	Company Use	13,737 *	342	0.00411
23	T & D Losses	489,194 **	11,681	0.14025
24	SYSTEM MWH SALES	13,920,307	334,535	4.16109
25	Less Total Demand Cost Recovery	5,180,489 ***		
26	Jurisdictional MWH Sales	8,739,818	334,535	2.61253
26a	Jurisdictional Loss Multiplier	1.00000	1.00000	
27	Jurisdictional MWH Sales Adjusted for Line Losses	8,739,818	334,535	2.61253
28	GPIF **			
29	TRUE-UP **	316,591	334,535	0.09464
30	TOTAL JURISDICTIONAL FUEL COST	9,056,409	334,535	2.70716
31	Revenue Tax Factor			1.00072
32	Fuel Factor Adjusted for Taxes			2.70911
33	FUEL FAC ROUNDED TO NEAREST .001 CENTS/KWH			2.709

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

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 080001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
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