

RESPONSES TO STAFF'S FIRST SET OF
INTERROGATORIES TO FLORIDA CITY GAS (NOS. 1 - 5)
DOCKET NO. 070003-GU
INTERROGATORY NO. 1

**Please identify and describe all gas supply contracts that are included in the PGA clause
for recovery in 2007 and 2008.**

(REDACTED)

CMP _____
COM _____
CTR _____
ECR 1
GCL _____
OPC _____
RCA _____
SCR _____
SGA _____
SEC _____
OTH _____

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DOCKET NO. 070003-GU
INTERROGATORY NO. 2

Please identify and describe all other costs and revenues that are included in the PGA clause for recovery in 2007 and 2008.

As defined in Rider "A" of the Company's tariff, the PGA charge is designed to recover "the cost to the Company of purchased gas or fuel used as a substitute for or supplemental to purchased gas including the cost of storing or transporting said gases or fuel, the cost of financial instruments employed to stabilize gas costs, or other charges or credits as may result from the operation of other tariff provisions, and taxes and assessments in connection with the purchase and sale of (natural) gas". In addition to commodity charges related to purchased gas supplies, the PGA may also include pipeline reservation/demand charges, pipeline transportation commodity charges, pipeline fuel charges, pipeline cashouts related to receipt/delivery imbalances, pipeline supplier refunds, FCG prior period over/under recovery amounts, allocation of the Hattiesburg storage contracts reservation/demand charges, Peoples Gas System Wholesale ("WHS") tariff charges (natural gas supplier), and cashout charges billed to Third-Party Suppliers ("TPS") serving FCG customers.

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DOCKET NO. 070003-GU
INTERROGATORY NO. 3

If your company engages in off-system sales or opportunity sales of natural gas and pipeline capacity, please describe any applicable sharing mechanism used by your company in the PGA clause whereby both customers and the company benefit from the revenues generated by the off-system sales or opportunity sales.

The Company does not engage in off-system sales or opportunity sales of pipeline capacity. Under the terms of the asset management agreement described in response to Interrogatory 1, the asset manager is responsible for optimizing all assets covered by the agreement. To the extent that margin is generated from the asset manager's optimization of the Company's pipeline assets, 50% of the margin is shared with ratepayer's through the PGA mechanism of Rider "A" of the Company's tariff.

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DOCKET NO. 070003-GU
INTERROGATORY NO. 4

If your company engages in financial hedging through trading financial instruments such as forward and futures contracts, swaps, and options, please describe any applicable cost (or revenues) that is recovered through the PGA clause.

The Company does not engaged in financial hedging through trading financial instruments, therefore has no such costs to recover.

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INTERROGATORY NO. 5

If your company engages in gas storage projects or contracts, please describe any applicable cost that is or is projected to be recovered through the PGA clause.

The Company allocates a portion of the Hattiesburg reservation/demand charges based on its ratio of annual firm demand relative to the sum total annual firm demand of each of the following Pivotal Utility Holdings, Inc utility divisions: Elizabethtown Gas, Elkton Gas and Florida City Gas.

In addition, the Company has recently contracted for storage capacity with Bay Gas Storage. Bay Gas indicates that the facility will be operational in April of 2008. The storage facility offers direct pipeline interconnection with Florida Gas Transmission ("FGT") in Zone 3 and is located in the south west corner of Alabama in Mobile County. When service commences, FCG will have 150,000 dth of storage capacity coupled with 15,000 dth per day of withdrawal rights and 5,000 dth per day of injection rights. Following commencement of services, reservation/demand charges, injection and withdrawal charges, injection fuel charges and applicable taxes and assessments will be included in costs to be recovered through the PGA clause.

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I do hereby attest that the foregoing answers to Interrogatories Nos. 1 – 5 are hereby true and correct to the best of my knowledge.



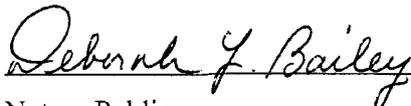
*As to FCG's Responses to Staff's First
Set of Interrogatories Nos. 1 – 5*

AFFIDAVIT

STATE OF NEW JERSEY)
)
COUNTY OF UNION)

I hereby certify that on this 30th day of August, 2007, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Leonard J. Willey, who is personally known to me, and who acknowledged before me that he provided or reviewed the answers to Interrogatories Nos. 1 – 5 provided in response to Staff's First of Interrogatories to Florida City Gas in Docket No. 070003-GU, and that the responses to the aforesaid interrogatories are true and correct to the best of his personal knowledge.

IN WITNESS WHEREOF, I have hereunto set my hand and seal in the State and County set forth above as of this 30th day of August, 2007.



Notary Public

State of New Jersey

My Commission Expires: Sept 8, 2010

DEBORAH Y. BAILEY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires **Sept. 8, 2010**

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)

(REDACTED)