

Ruth Nettles

From: Engelhardt, Todd [todd.engelhardt@akerman.com]
Sent: Wednesday, July 30, 2008 6:05 PM
To: Filings@psc.state.fl.us
Cc: Katherine Fleming
Subject: Filing for Docket 080003-GU
Attachments: 20080730174541364.pdf

Please find attached a PDF for electronic filing in the above-referenced docket.

a. The person responsible for this filing is:

Todd D. Engelhardt
106 East College Avenue Suite 1200
Tallahassee, FL 32301
email: todd.engelhardt@akerman.com
phone: (850) 224-9634

b. The docket number and title are: Docket 080003-GU In re: Purchased Gas Adjustment (PGA) True-Up

c. The filing is on behalf of Florida City Gas.

d. Attachment 20080730174541364 is 6 pages long.

e. Attachment 20080730174541364 is a Letter to Daniel Lee in response to a Staff Request, along with attachments.

If you have any questions or problems with this email or the attachment, please do not hesitate to contact me.

s/Todd D. Engelhardt
Todd D. Engelhardt, Esq.
Akerman Senterfitt
106 East College Avenue Suite 1200
Tallahassee, FL 32301
(850) 224-9634
(850) 222-0103 FAX



www.akerman.com | Bio | V Card

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DOCUMENT NUMBER-DATE

06706 JUL 31 8

FPSC-COMMISSION CLERK

7/31/2008

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Suite 1200
106 East College Avenue
Tallahassee, FL 32301
www.akerman.com
850 224 9634 tel 850 222 0103 fax

July 30, 2008

Mr. Daniel Lee
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 080003-GU - Purchased Gas Adjustment (PGA) True-Up.

Dear Mr. Lee:

During our meeting on July 23, 2008, you requested that Florida City Gas provide an example of a forward-looking forecast in natural gas prices, showing how the NYMEX price for natural gas would need to perform in order to eliminate the under recovery position we forecasted in our July 22, 2008, filing. In addition, you asked the company to provide a comparison of the natural gas prices we forecasted in our 2008 PGA filing for January-June to the actual prices we paid. Both items are attached.

In the attached PGA Cost Recovery Clause Calculation, FCG has determined that a drop in the NYMEX prices used in our MCC filing of \$2.65/Dth, or \$0.265 /therm, for each forecasted month, would have to occur in order to eliminate our projected under recovery of \$6.8 million.

Natural gas prices have fallen sharply this month, approximately 33 percent as of July 29. If this trend were to continue, our customers should see no price increase as a result of the increase to our PGA cap. This is good news for everyone. However, we recommend approval of our mid course correction petition in order to better manage the fluctuations in the market under the proposed new cap, and prevent the potential for cost under recovery during the remainder of 2008 that will impact our prices in 2009.

{TL164871.1}

DOCUMENT NUMBER-DATE

06706 JUL 31 08

FPSC-COMMISSION CLERK

Mr. Lee
July 30, 2008
Page 2

If you have any further questions on this matter, or additional questions, please do not hesitate to contact me.

Sincerely,

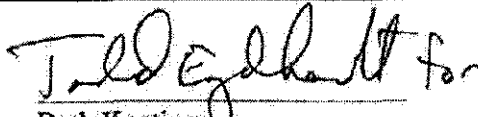
A handwritten signature in black ink that reads "Beth Keating for". The signature is written in a cursive, flowing style.

Beth Keating

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida City Gas's letter to Daniel Lee regarding its Petition for Approval of the Purchased Gas (PGA) True-Up Amount in Docket No. 080003-GU has been furnished by regular U.S. Mail to the following parties of record this 30th day of July 2008:

Florida Public Utilities Company Mehrdad Khojasteh P.O. Box 3395 West Palm Beach, FL 33402-3395	MacFarlane Ferguson Law Firm Ansley Watson, Jr. P.O. Box 1531 Tampa, FL 33601-1531
Messer Law Firm Norman H. Horton, Jr. P.O. Box 15579 Tallahassee, FL 32317	Office of Public Counsel J.R. Kelly/Patricia Christensen/S. Burgess c/o The Florida Legislature 111 West Madison Street Room 812 Tallahassee, FL 32399-1400
People Gas System Paula Brown P.O. Box 111 Tampa, FL 33601-0111	St. Joe Natural Gas Company, Inc. Mr. Stuart L. Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549
TBCO Energy, Inc. Matthew Costa P.O. Box 111 Tampa, FL 33601-0111	AGL Resources Inc. Elizabeth Wade Ten Peachtree Place Location 1470 Atlanta, GA 30309
Florida City Gas Melvin Williams 955 East 25 th Street Hialeah, FL 33013-3498	Katherine Fleming Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399
Florida City Gas Jay Sutton 4180 South US Hwy. 1 Rockledge, FL 32955-5309	Charles A. Costin Costin and Costin Law Firm P.O. Box 98 Port Saint Joe, FL 32457-1159


Beth Keating
Akerman Senterfitt, Attorneys at Law
106 East College Avenue, Suite 1200
Tallahassee, FL 32301

COMPANY: FLORIDA CITY GAS

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

Staff Data Request No.1

Schedule E-1

JANUARY 08 Through DECEMBER 08

Hypothetical NYMEX Decline, Aug. - Dec.

ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD:

	ACT	ACT	ACT	ACT	ACT	ACT	EST	EST	EST	EST	EST	EST	TOTAL
COST OF GAS PURCHASED	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
1 COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$16,887	\$16,834	\$17,400	\$17,815	\$18,000	\$24,177	\$110,714
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)	\$3,233,937	\$3,072,954	\$3,321,355	\$3,580,130	\$3,403,535	\$2,855,670	\$4,280,672	\$2,702,314	\$2,584,008	\$2,930,768	\$3,067,470	\$4,314,042	\$39,247,238
5 DEMAND	\$857,515	\$802,832	\$857,515	\$805,671	\$802,608	\$489,728	\$507,987	\$507,987	\$492,649	\$542,108	\$658,517	\$695,959	\$7,916,738
6 OTHER	\$24,658	\$60,320	\$58,320	\$59,528	\$45,276	\$105,580	\$81,779	\$58,922	\$46,742	\$44,658	\$49,382	\$61,714	\$659,588
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 Second Prior Month Purchase Adj. (Optional)	\$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)	\$4,116,150	\$3,935,806	\$4,217,570	\$4,245,936	\$3,960,428	\$3,250,959	\$4,867,905	\$3,263,737	\$3,426,800	\$3,535,148	\$4,012,369	\$5,285,892	\$47,911,288
12 NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13 COMPANY USE	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,078)	(\$2,209)	(\$2,200)	(\$2,246)	(\$2,486)	(\$2,448)	(\$14,873)
14 THERM SALES REVENUES	\$3,576,940	\$3,908,350	\$4,269,253	\$4,303,673	\$3,912,192	\$3,462,943	\$3,467,112	\$3,971,648	\$3,581,446	\$3,595,603	\$3,973,895	\$4,634,745	\$45,334,928
TERMS PURCHASED	\$0.91845	\$1.01778	\$1.14432	\$1.14894	\$1.14483	\$1.14332	\$1.14300	\$1.14300	\$1.14300	\$1.14300	\$1.14300	\$1.14300	\$1.14300
15 COMMODITY (Pipeline)	4,297,870	3,794,760	3,701,010	3,583,840	2,799,750	3,241,320	3,033,344	2,952,446	3,107,127	3,145,759	3,214,291	4,217,362	41,187,879
16 NO NOTICE RESERVATION	-	-	-	-	-	-	-	-	-	-	-	-	0
17 SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	0
18 COMMODITY (Other)	4,259,850	3,643,982	3,580,390	3,309,300	2,889,580	3,291,600	3,000,244	2,626,546	3,074,027	3,114,459	3,180,991	4,275,562	40,993,191
19 DEMAND	16,785,980	15,702,820	16,785,980	10,789,100	10,893,880	10,397,400	9,193,880	9,193,980	9,987,400	10,095,320	16,244,400	16,785,980	151,486,120
20 OTHER	-	44,068	32,302	45,927	33,017	37,260	35,100	27,900	35,100	33,300	35,300	43,800	608,605
LESS END-USE CONTRACT	-	-	-	-	-	-	-	-	-	-	-	-	0
21 COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	0
22 DEMAND	-	-	-	-	-	-	-	-	-	-	-	-	0
23	-	-	-	-	-	-	-	-	-	-	-	-	0
24 TOTAL PURCHASES (15+16+17+18+19+20+21+22+23)	4,295,850	5,685,050	3,823,153	3,662,227	2,727,997	3,329,180	3,033,344	2,954,446	3,109,127	3,147,758	3,216,291	4,319,362	41,002,786
25 NET UNBILLED	-	-	-	-	-	-	-	-	-	-	-	-	0
26 COMPANY USE	-	-	-	-	-	-	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(12,000)
27 TOTAL THERM SALES (24-26)	3,903,126	3,540,087	3,820,253	3,755,204	3,155,774	3,020,109	3,033,344	2,952,446	3,107,127	3,145,758	3,214,291	4,317,362	41,274,687
CENTS PER THERM													
28 COMMODITY (Pipeline) (7/15)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00560	0.00560	0.00560	0.00560	0.00560	0.00560
29 NO NOTICE 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)	0.75210	0.84330	0.82521	1.02138	1.29526	0.83673	1.36008	0.82338	0.82169	0.94102	0.97060	1.00900	0.86684
32 DEMAND (5/19)	0.05109	0.05111	0.05109	0.05524	0.04756	0.04710	0.05825	0.05825	0.05837	0.05402	0.05285	0.05278	0.04228
33 OTHER (6/20)	0.00000	1.36879	1.15904	1.26654	1.29985	2.83195	1.76009	1.22327	1.33168	1.34102	1.37059	1.40900	1.55421
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 (3/22)	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)	0.85728	1.06718	1.15491	1.19512	1.43177	0.97650	1.25765	1.10489	1.10024	1.12907	1.24751	1.22377	1.16849
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)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	1.53760	1.10490	1.10000	1.12900	1.24750	1.22375	1.22275
40 TOTAL THERM SALES (11/27)	1.05458	1.02495	1.10107	1.19092	1.29455	1.07644	1.55267	1.10843	1.10085	1.12378	1.24829	1.22433	1.18079
41 TRUE-UP (5-2)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)	(0.01165)
42 TOTAL COST OF GAS (20+41)	1.04293	1.01329	1.08942	1.17927	1.28290	1.06479	1.52702	1.09678	1.08920	1.11213	1.23664	1.21268	1.14914
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	1.04618	1.01836	1.09446	1.12450	1.24958	1.07015	1.52470	1.09928	1.09478	1.11772	1.24266	1.21878	1.15492
45 PGA FACTOR ROUNDED TO NEAREST .001	1.048	1.018	1.095	1.125	1.250	1.070	1.525	1.099	1.095	1.118	1.243	1.219	1.155

COMPANY: FLORIDA CITY GAS

CALCULATION OF TRUE-UP AMOUNT

Staff Data Request No. 1

Schedule E-2

Hypothetical NYMEX Decline Aug. - Dec.

FOR THE CURRENT PERIOD: JANUARY 08 Through DECEMBER 08

	ACT	ACT	ACT	ACT	ACT	ACT	EST	EST	EST	EST	EST	EST	PERIOD
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
TRUE-UP CALCULATION													
1 PURCHASED GAS COST	\$3,258,855	\$3,133,274	\$3,559,665	\$3,839,549	\$3,451,911	\$2,761,250	\$4,142,351	\$2,738,220	\$2,210,751	\$2,875,424	\$3,135,852	\$4,375,756	\$39,853,894
2 TRANSPORTATION COST	357,515	302,532	387,315	365,371	388,809	388,723	324,854	321,301	310,648	358,724	378,517	319,136	\$8,027,452
3 TOTAL COST	\$4,116,160	\$3,935,806	\$4,217,570	\$4,245,590	\$3,960,420	\$3,250,959	\$4,667,305	\$3,263,737	\$3,420,800	\$3,935,148	\$4,012,369	\$4,694,892	\$47,881,346
4 FUEL REVENUES (Net of Revenue Tax)	\$3,576,940	\$3,995,369	\$4,383,333	\$4,303,373	\$3,612,193	\$3,452,943	\$3,467,112	\$3,374,946	\$3,551,446	\$3,595,603	\$3,375,965	\$4,894,745	\$45,354,928
4a Under-recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4c ADJUSTED NET FUEL REVENUES**	\$3,576,940	\$3,995,369	\$4,383,333	\$4,303,373	\$3,612,193	\$3,452,943	\$3,467,112	\$3,374,946	\$3,551,446	\$3,595,603	\$3,375,965	\$4,894,745	\$45,354,928
5 TRUE-UP (COLLECTED) OR REFUNDED	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$41,585	\$499,204
6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	\$3,618,525	\$3,995,344	\$4,424,918	\$4,344,958	\$3,653,778	\$3,494,528	\$3,508,697	\$3,416,531	\$3,593,031	\$3,637,188	\$3,715,520	\$4,936,330	\$46,333,932
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	(\$497,641)	\$14,138	\$207,348	\$100,228	(\$306,642)	\$243,569	(\$1,559,608)	\$152,594	\$172,231	\$102,040	(\$296,845)	(\$309,592)	(\$1,577,354)
8 INTEREST PROVISION - THIS PERIOD (21)	\$3,040	\$1,774	\$1,739	\$1,548	\$2,491	\$3,058	\$2,012	\$905	\$1,159	\$1,351	\$1,070	\$386	\$24,621
8a ADJUST PRIOR MONTHS' INTEREST													
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	\$1,219,480	\$683,290	\$657,567	\$824,979	\$885,570	\$1,387,330	\$1,580,383	\$889,202	\$600,018	\$531,915	\$693,821	\$656,257	\$1,219,480
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$41,585)	(\$499,204)
10a ADJUSTMENTS (if applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10b GAS 50% MARGIN SHARING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8-9+10+10a+10b)	\$43,220	\$67,557	\$824,979	\$885,570	\$1,387,330	\$1,580,383	\$889,202	\$600,018	\$631,815	\$592,821	\$358,257	\$8,478	\$4,478
INTEREST PROVISION													
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9+10a)	\$1,219,480	\$683,290	\$657,567	\$824,979	\$885,570	\$1,387,330	\$1,580,383	\$889,202	\$600,018	\$531,915	\$693,821	\$656,257	\$1,219,480
13 ENDING TRUE-UP BEFORE INTEREST (12+10a+7-5)	\$680,250	\$652,843	\$829,220	\$863,822	\$1,379,990	\$1,580,374	\$889,190	\$499,111	\$690,892	\$592,270	\$555,187	\$5,170	
14 TOTAL (12+13)	\$1,899,730	\$1,335,133	\$1,486,787	\$1,708,801	\$2,265,472	\$2,960,744	\$1,877,573	\$1,188,303	\$1,380,878	\$1,184,085	\$1,148,006	\$381,357	
15 AVERAGE (50% OF 14)	\$949,865	\$667,567	\$743,394	\$854,401	\$1,132,736	\$1,480,372	\$938,787	\$594,152	\$690,439	\$592,043	\$574,003	\$190,679	
16 INTEREST RATE - FIRST DAY OF MONTH	0.04900	0.04080	0.03990	0.02930	0.02840	0.02430	0.02450	0.02450	0.02450	0.02450	0.02450	0.02450	
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.03090	0.03090	0.02930	0.02940	0.02430	0.02450	0.02450	0.02450	0.02450	0.02450	0.02450	0.02450	
18 TOTAL (15+17)	0.07990	0.09170	0.06920	0.05370	0.05270	0.04880	0.04900	0.04900	0.04900	0.04900	0.04900	0.04900	
19 AVERAGE (50% OF 18)	0.03995	0.04585	0.03460	0.02685	0.02635	0.02440	0.02450	0.02450	0.02450	0.02450	0.02450	0.02450	
20 MONTHLY AVERAGE (19*12 Mths)	0.00520	0.00257	0.00228	0.00228	0.00229	0.00204	0.00204	0.00204	0.00204	0.00204	0.00204	0.00204	
21 INTEREST PROVISION (19*20)	3,040	1,774	1,739	1,548	2,491	3,058	2,012	905	1,159	1,351	1,070	386	

COMPANY: FLORIDA CITY GAS
 FPSC STAFF REQUEST NO. 2

**COMPARISON OF ACTUAL VERSUS ORIGINAL ESTIMATE SCHEDULE A-1
 OF THE PURCHASED GAS ADJUSTMENT COST RECOVERY FACTOR
 FOR THE PERIOD OF: JANUARY THRU JUNE 2008**

	PERIOD TO DATE		DIFFERENCE	
	ACTUAL	ORG. EST.	AMOUNT	%
COST OF GAS PURCHASED				
1 TOTAL COST	23,726,135	25,251,363	1,525,228	6.04
2 TOTAL THERM SALES	23,237,441	24,602,930	1,365,489	5.55
THERMS PURCHASED				
3 TOTAL PURCHASES	20,372,183	23,070,340	2,698,157	11.70
4 TOTAL THERM SALES	21,504,558	23,058,340	1,553,782	6.74
CENTS PER THERM				
5 TOTAL COST	1.16463	1.09454	(0.07009)	(6.40)
6 TOTAL THERM SALES	1.10331	1.09511	(0.00820)	(0.75)
7 TRUE-UP	(0.01165)	(0.01165)	-	-
8 TOTAL COST OF GAS	1.09166	1.08346	(0.00820)	(0.76)
9 REVENUE TAX FACTOR	1.00503	1.00503	-	-
10 PGA FACTOR ADJUSTED FOR TAXES	1.09715	1.08891	(0.00824)	(0.76)
11 PGA FACTOR ROUNDED TO NEAREST .001	1.097	1.089	(0.008)	(0.73)