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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment (PGA) True-Up

PGA Factor

DIRECT TESTIMONY OF CHERYL M. MARTIN

On behalf of

Florida Public Utilities Company

DOCKET NO. 110003-GU

Q. Please state your name and business address.

A. My name is Cheryl M. Martin. My business address is 401 South Dixie Highway,  
West Palm Beach, Florida 33401.

Q. By whom are you employed and in what capacity?

A. I am employed by Florida Public Utilities Company (FPUC) as the Director of  
Regulatory Affairs.

Q. Can you please provide a brief overview of your educational and employment  
background?

A. I graduated from Florida State University in 1984 with a BS degree in Accounting and  
I am a Certified Public Accountant in the state of Florida. I have been employed by  
FPUC since 1985. In August 2011, I was promoted to my current position, Director of  
Regulatory Affairs. I have performed various accounting, management and regulatory  
roles and functions including regulatory accounting (Fuel, PGA, conservation,  
surveillance reports, regulatory reporting), tax accounting, external reporting as well  
as corporate accounting. I have been an expert witness for numerous proceedings  
before the Florida Public Service Commission (FPSC).

Q. Are you familiar with the Purchased Gas Adjustment (PGA) clause of the Company  
and the associated projected and actual revenues and costs?

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1 A. Yes.

2 Q. What is the purpose of your testimony in this docket?

3 A. My testimony will establish the PGA "true-up" collection amount, based on actual  
4 2010 data and projected 2011 data. My testimony will describe the Company's  
5 forecast of pipeline charges and commodity costs of natural gas for 2012 as well as  
6 any expected new agreements required to provide service to Nassau County. Finally, I  
7 will summarize the computations that are contained in composite exhibit CMM-1  
8 supporting the January through December 2012 projected PGA recovery (cap) factor  
9 for the FPUC consolidated gas division.

10 Q. Were the schedules filed by your Company completed under your direction?

11 A. Yes.

12 Q. Which of the Staff's set of schedules has your company completed and filed?

13 A. The Company has prepared and previously filed True-Up schedules A-1, A-2, A-3, A-  
14 4, A-5, and A-6, in addition to filing composite exhibit CMM-1 which contains  
15 Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the FPUC consolidated gas division.  
16 These schedules support the calculation of the PGA recovery (cap) factor for January  
17 through December 2012.

18 Q. What is the appropriate final PGA true-up amount for the period January through  
19 December 2010?

20 A. As shown on Schedule E-4, the final PGA true-up amount for the period January  
21 through December 2010 is an under-recovery of \$2,562,014, inclusive of interest.

22 Q. What is the projected PGA true-up amount for the period January through December  
23 2011?

24 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-  
25 recovery of \$2,151,001, inclusive of interest, for the period January through

1 December 2011.

2 Q. What is the projection period for this filing?

3 A. The projection period is January through December 2012.

4 Q. What is the total projected PGA true-up amount to be collected from or refunded to  
5 customers for the period January through December 2012?

6 A. As shown on Schedule E-4, the total net under-recovery to be collected for the period  
7 January through December 2012 is \$411,013.

8 Q. Please describe how the forecasts of pipeline charges and commodity costs of gas  
9 were developed for the projection period.

10 A. The purchases, for the gas cost projection model, are based on projected sales to  
11 traditional non-transportation service customers. Florida Gas Transmission  
12 Company's (FGT) FTS-1, FTS-2, NNTS-1 and ITS-1 effective charges (including  
13 surcharges) and fuel rates, at the time the projections were made, were used for the  
14 entire projection period. As is further explained herein, the Company has also  
15 included costs related to its expansion into previously un-served Nassau County. The  
16 expected costs of natural gas purchased by the Company during the projection period  
17 are developed using actual prices paid during relevant historical periods and the New  
18 York Mercantile Exchange (NYMEX) natural gas futures pricing through the end of  
19 the projection period. The forecasts of the commodity costs are then adjusted to  
20 reflect the unexpected potential market increases in the projection period.

21 Q. Please describe how the forecasts of the weighted average cost of gas are developed  
22 for the projection period.

23 A. The Company has forecasted the 2012 weighted average cost of gas using the  
24 projected monthly pipeline demand costs, less the projected cost of capacity  
25 temporarily relinquished to third parties, the projected pipeline usage and no-notice

1 costs and the projected supplier commodity costs. The sum of these costs are then  
2 divided by the projected therm sales to the traditional non-transportation customers  
3 resulting in the projected weighted average cost of gas and ultimately the PGA  
4 recovery (cap) factor, as shown on Schedule E-1. Capacity shortfall, if any, would be  
5 satisfied with the most economic dispatch combination of acquired capacity  
6 relinquished by another FGT shipper and/or gas and capacity repackaged and  
7 delivered by another FGT capacity holder. If other services become available and it is  
8 economic to dispatch supplies under those services, the Company will utilize those  
9 services as part of its portfolio.

10 Q. Is the Company expecting to enter into any new agreements that will affect the PGA  
11 costs for 2012?

12 A. Yes. The Company is expecting to enter into a new agreement with Peninsula  
13 Pipeline Company, Inc. (PPC), an affiliated company, to construct an intrastate  
14 pipeline, connected to the Cypress Pipeline, which will provide capacity and access to  
15 gas supplies needed to serve customers in Nassau County. In addition, the Company  
16 will also secure Cypress Pipeline capacity and natural gas supply required to serve  
17 these customers, beginning in July 2012.

18 Q. Are the costs associated with the PPC agreement and the additional interstate pipeline  
19 capacity and supply costs appropriate for recovery in the PGA docket?

20 A. Yes. As part of an expansion of FPUC natural gas facilities, it was necessary to obtain  
21 additional interstate and intrastate pipeline capacity to serve the Nassau County  
22 customers. Periodic increases or decreases to capacity are necessary, as conditions  
23 warrant, and capacity changes are appropriate for recovery in the PGA. Historically,  
24 the Commission has allowed recovery of similar such costs through the clause, as long

1 as it is clear that such costs are reasonable and are not already being recovered through  
2 the Company's base rates.

3 The Nassau County project was not included in the Projected Test Year of the  
4 Company's previous rate case. After considering several pipeline options, the  
5 Company expects to enter into an agreement with PPC to obtain the necessary  
6 intrastate pipeline capacity. The PPC bid was not only lower than other bids obtained,  
7 but PPC indicated it could provide service by July 2012, which meets the needs for  
8 both the Company and commercial customers in Nassau County. The costs associated  
9 with this new contract are reasonable and based on market prices.

10 Q. Have additional costs been included in the Projections for 2012?

11 A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit CMM-1, the  
12 Company has included Capacity cost from PPC beginning July 2012, as well  
13 as estimated costs for additional upstream capacity and supply to serve the new  
14 customers beginning July 2012.

15 Q. What benefits will the other customers on FPUC's natural gas system obtain from the  
16 Nassau County customers?

17 A. All customers receive benefits when system expansions occur, primarily through the  
18 allocation of fixed system costs to a larger customer base. Nassau County, being in  
19 close proximity to Jacksonville, is expected to experience significant growth in the  
20 near and long-term population forecasts. Over time, the Company believes that  
21 significant customer growth will occur in the residential, commercial and small  
22 industrial classifications, helping to keep overall customer rates lower.

23 Q. What is the appropriate PGA recovery (cap) factor for the period January through  
24 December 2012?

25 A. As shown on Schedule E-1, the PGA recovery (cap) factor is 79.064¢ per therm for

1 the period January through December 2012.

2 Q. What should be the effective date of the PGA recovery (cap) factor for billing  
3 purposes?

4 A. The PGA recovery (cap) factor should be effective for all meter readings during the  
5 period of January 1, 2012 through December 31, 2012.

6 Q. Does this conclude your testimony?

7 A. Yes.

COMPANY:		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION												SCHEDULE E-1
FLORIDA PUBLIC UTILITIES COMPANY		ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2012 THROUGH DECEMBER 2012												
		PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
<b>COST OF GAS PURCHASED</b>														
1	COMMODITY (Pipeline)	\$16,138	\$15,115	\$15,229	\$4,610	\$10,867	\$9,361	\$5,637	\$5,714	\$5,569	\$5,958	\$3,687	\$5,764	\$103,649
2	NO NOTICE SERVICE	\$7,235	\$5,358	\$4,763	\$3,186	\$1,351	\$1,295	\$1,339	\$1,339	\$1,284	\$2,532	\$4,120	\$5,728	\$39,530
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$3,482,160	\$3,286,651	\$3,328,042	\$2,690,013	\$2,412,700	\$2,069,432	\$1,962,198	\$1,982,640	\$1,929,434	\$2,077,370	\$2,474,530	\$3,077,352	\$30,772,522
5	DEMAND	\$468,458	\$438,234	\$468,458	\$390,139	\$89,601	\$86,711	\$169,633	\$169,633	\$164,162	\$160,886	\$512,099	\$529,169	\$3,647,183
6	OTHER	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LESS END-USE CONTRACT:														
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	COMMODITY (Other)	\$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 <small>(+1+2+3+4+5+6+10)-(7+8+9)</small>	\$3,973,991	\$3,745,358	\$3,816,492	\$3,087,948	\$2,514,519	\$2,166,799	\$2,138,807	\$2,159,326	\$2,100,449	\$2,246,746	\$2,994,436	\$3,618,013	\$34,562,884
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	\$5,200	\$5,000	\$5,000	\$4,100	\$3,500	\$3,000	\$3,000	\$3,100	\$3,000	\$3,200	\$3,800	\$4,700	\$46,600
14	TOTAL THERM SALES	\$3,968,791	\$3,740,358	\$3,811,492	\$3,083,848	\$2,511,019	\$2,163,799	\$2,135,807	\$2,156,226	\$2,097,449	\$2,243,546	\$2,990,636	\$3,613,313	\$34,516,284
<b>THERMS PURCHASED</b>														
15	COMMODITY (Pipeline)	5,014,307	4,694,939	4,809,036	3,944,744	3,374,915	2,907,220	2,877,445	2,907,423	2,829,399	3,024,447	3,628,752	4,512,753	44,525,380
16	NO NOTICE SERVICE	1,860,000	1,377,500	1,224,500	819,000	347,200	333,000	344,100	344,100	330,000	651,000	1,059,000	1,472,500	10,161,900
17	SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-
18	COMMODITY (Other)	5,014,307	4,694,939	4,809,036	3,944,744	3,374,915	2,907,220	2,877,445	2,907,423	2,829,399	3,024,447	3,628,752	4,512,753	44,525,380
19	DEMAND	8,291,880	7,756,920	8,291,880	6,711,300	1,404,610	1,359,300	3,109,610	3,109,610	3,009,300	2,760,550	9,674,400	9,996,880	65,476,240
20	OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
LESS END-USE CONTRACT:														
21	COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	DEMAND	-	-	-	-	-	-	-	-	-	-	-	-	-
23	COMMODITY (Other)	-	-	-	-	-	-	-	-	-	-	-	-	-
24	TOTAL PURCHASES <small>(+17+18+20)-(21+23)</small>	5,014,307	4,694,939	4,809,036	3,944,744	3,374,915	2,907,220	2,877,445	2,907,423	2,829,399	3,024,447	3,628,752	4,512,753	44,525,380
25	NET UNBILLED	-	-	-	-	-	-	-	-	-	-	-	-	-
26	COMPANY USE	7,557	7,189	7,286	5,994	5,165	4,470	4,455	4,513	4,359	4,637	5,602	6,893	68,120
27	TOTAL THERM SALES <small>(For Estimated, 24 - 26)</small>	5,006,750	4,687,750	4,801,750	3,938,750	3,369,750	2,902,750	2,872,990	2,902,910	2,825,040	3,019,810	3,623,150	4,505,860	44,457,260
<b>CENTS PER THERM</b>														
28	COMMODITY (Pipeline) <small>(1/15)</small>	0.322	0.322	0.317	0.117	0.322	0.322	0.196	0.197	0.197	0.197	0.102	0.128	0.233
29	NO NOTICE SERVICE <small>(2/16)</small>	0.389	0.389	0.389	0.389	0.389	0.389	0.389	0.389	0.389	0.389	0.389	0.389	0.389
30	SWING SERVICE <small>(3/17)</small>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31	COMMODITY (Other) <small>(4/18)</small>	69.444	70.004	69.204	68.192	71.489	71.183	68.192	68.192	68.192	68.686	68.192	68.192	69.112
32	DEMAND <small>(5/19)</small>	5.650	5.650	5.650	5.813	6.379	6.379	5.455	5.455	5.455	5.828	5.293	5.293	5.570
33	OTHER <small>(6/20)</small>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LESS END-USE CONTRACT:														
34	COMMODITY Pipeline <small>(7/21)</small>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	DEMAND <small>(8/22)</small>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36	COMMODITY Other <small>(9/23)</small>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37	TOTAL COST OF PURCHASES <small>(11/24)</small>	79.253	79.774	79.361	78.280	74.506	74.532	74.330	74.269	74.237	74.286	82.520	80.173	77.625
38	NET UNBILLED <small>(12/25)</small>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39	COMPANY USE <small>(13/26)</small>	68.810	69.551	68.625	68.402	67.764	67.114	67.340	68.690	68.823	69.010	67.833	68.185	68.409
40	TOTAL COST OF THERM SOLD <small>(11/27)</small>	79.373	79.897	79.481	78.399	74.620	74.646	74.445	74.385	74.351	74.400	82.647	80.296	77.744
41	TRUE-UP (REFUND)/RECOVER <small>(E-4)</small>	0.925	0.925	0.925	0.925	0.925	0.925	0.925	0.925	0.925	0.925	0.925	0.925	0.925
42	TOTAL COST OF GAS <small>(40+41)</small>	80.298	80.822	80.406	79.324	75.545	75.571	75.370	75.310	75.276	75.325	83.572	81.221	78.669
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 <small>(42+43)</small>	80.70116	81.22784	80.81031	79.72279	75.92496	75.95117	75.74907	75.68831	75.65439	75.70375	83.99226	81.62886	79.06438
45	PGA FACTOR <small>(ROUNDED TO NEAREST .001)</small>	80.701	81.228	80.810	79.723	75.925	75.951	75.749	75.688	75.654	75.704	83.992	81.629	79.064

COMPANY:		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION												SCHEDULE E-1/R
FLORIDA PUBLIC UTILITIES COMPANY		ACTUAL JANUARY 2011 THROUGH JULY 2011 ESTIMATED AUGUST 2011 THROUGH DECEMBER 2011												
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
<b>COST OF GAS PURCHASED</b>														
1	COMMODITY (Pipeline)	\$32,473	\$25,116	\$28,038	\$44,726	\$18,107	\$52,873	\$16,596	\$4,019	\$3,944	\$4,556	\$2,674	\$4,520	\$237,642
2	NO NOTICE SERVICE	\$8,110	\$5,799	\$5,339	\$3,186	\$0	\$0	\$0	\$78	\$0	\$152	\$0	\$508	\$23,172
3	SWING SERVICE	\$57,602	\$3,980	\$0	\$0	\$0	\$0	\$16,817	\$0	\$0	\$0	\$0	\$0	\$78,399
4	COMMODITY (Other)	\$2,095,997	\$1,714,597	\$1,688,333	\$1,260,577	\$1,231,219	\$1,065,473	\$477,426	\$1,554,315	\$1,577,930	\$1,585,587	\$1,729,051	\$2,113,809	\$18,094,314
5	DEMAND	\$546,911	\$448,509	\$527,229	\$379,290	-\$347,701	\$130,214	\$133,776	\$106,616	\$103,176	\$116,347	\$461,855	\$477,251	\$3,083,473
6	OTHER	\$244	\$282	\$336	\$363	\$486	\$504	\$402	\$0	\$0	\$0	\$0	\$0	\$2,617
LESS END-USE CONTRACT:														
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	COMMODITY (Other)	\$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)	\$2,741,337	\$2,198,283	\$2,249,275	\$1,688,142	\$902,111	\$1,249,064	\$645,017	\$1,665,028	\$1,685,050	\$1,706,642	\$2,193,580	\$2,596,088	\$21,519,617
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	\$1,730	\$1,963	\$1,968	\$2,550	\$3,046	\$2,966	\$2,435	\$1,531	\$1,534	\$1,913	\$2,778	\$3,954	\$28,368
14	TOTAL THERM SALES	\$2,739,607	\$2,196,320	\$2,247,307	\$1,685,592	\$899,065	\$1,246,098	\$642,582	\$1,663,497	\$1,683,516	\$1,704,729	\$2,190,802	\$2,592,134	\$21,491,249
<b>THERMS PURCHASED</b>														
15	COMMODITY (Pipeline)	5,062,464	3,837,000	7,567,263	3,036,060	2,945,278	2,269,786	2,667,291	2,488,848	2,518,854	2,550,846	3,279,076	3,879,931	42,102,697
16	NO NOTICE SERVICE	1,860,000	1,330,000	1,224,500	819,000	0	0	0	28,670	0	34,370	0	114,760	5,411,300
17	SWING SERVICE	59,220	0	0	0	0	0	17,760	0	0	0	0	0	76,980
18	COMMODITY (Other)	5,033,100	3,714,940	3,831,970	2,823,470	2,507,938	1,915,609	1,539,751	2,488,848	2,518,854	2,550,846	3,279,076	3,879,931	36,084,333
19	DEMAND	6,984,610	6,037,920	7,102,410	4,924,200	3,262,130	2,446,200	2,511,930	1,575,110	1,524,300	1,751,500	8,590,800	8,877,160	55,588,270
20	OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
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	COMMODITY (Other)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	TOTAL PURCHASES (15+16+17+18-20)-(21+22+23)	5,092,320	3,714,940	3,831,970	2,823,470	2,507,938	1,915,609	1,557,511	2,488,848	2,518,854	2,550,846	3,279,076	3,879,931	36,161,313
25	NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26	COMPANY USE	3,162	3,587	3,595	4,660	6,124	5,961	6,117	3,848	3,854	3,846	5,076	5,931	55,761
27	TOTAL THERM SALES (For Estimated, 24 - 26)	5,089,158	3,711,353	3,828,375	2,818,810	2,501,814	1,909,648	1,551,394	2,485,000	2,515,000	2,547,000	3,274,000	3,874,000	36,105,552
<b>CENTS PER THERM</b>														
28	COMMODITY (Pipeline) (12/15)	0.641	0.655	0.371	1.473	0.615	2.329	0.622	0.161	0.157	0.179	0.082	0.116	0.564
29	NO NOTICE SERVICE (12/16)	0.436	0.436	0.436	0.389	0.000	0.000	0.000	0.272	0.389	0.442	0.000	0.443	0.428
30	SWING SERVICE (3/17)	97.268	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	101.843
31	COMMODITY (Other) (4/18)	41.644	46.154	44.059	44.646	49.093	55.621	31.007	62.451	62.645	62.159	52.730	54.481	50.145
32	DEMAND (5/19)	7.830	7.428	7.423	7.703	(10.659)	5.323	5.326	6.769	6.769	6.643	5.376	5.376	5.547
33	OTHER (6/20)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LESS END-USE CONTRACT:														
34	COMMODITY Pipeline (7/21)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	DEMAND (8/22)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36	COMMODITY Other (9/23)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37	TOTAL COST OF PURCHASES (11+24)	53.833	59.174	58.698	59.790	35.970	65.205	41.413	66.900	66.897	66.905	66.896	66.911	59.510
38	NET UNBILLED (12/25)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39	COMPANY USE (13/26)	54.712	54.725	54.743	54.721	49.739	49.757	39.807	39.787	39.803	49.740	54.728	66.667	50.874
40	TOTAL COST OF THERM SOLD (11+27)	53.866	59.231	58.753	59.888	36.058	65.408	41.577	67.003	67.000	67.006	67.000	67.013	59.602
41	TRUE-UP (E-4)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)	(7.179)
42	TOTAL COST OF GAS (40+41)	46.687	52.052	51.574	52.709	28.879	58.229	34.398	59.824	59.821	59.827	59.821	59.834	52.423
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 (42+43)	46.92182	52.31387	51.83289	52.97433	29.02439	58.52168	34.57046	60.12476	60.12160	60.12760	60.12160	60.13478	52.68639
45	PGA FACTOR (ROUNDED TO NEAREST .001)	46.922	52.314	51.833	52.974	29.024	58.522	34.570	60.125	60.122	60.128	60.122	60.135	52.686

COMPANY:		PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT												SCHEDULE E-2
FLORIDA PUBLIC UTILITIES COMPANY		ACTUAL JANUARY 2011 THROUGH JULY 2011 ESTIMATED AUGUST 2011 THROUGH DECEMBER 2011												
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED		TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
<b>TRUE-UP CALCULATION</b>														
1	PURCHASED GAS COST	\$2,095,997	\$1,714,596	\$1,688,333	\$1,260,577	\$1,231,220	\$1,065,473	\$477,427	\$1,554,315	\$1,577,930	\$1,585,587	\$1,729,051	\$2,113,809	\$18,094,315
2	TRANSPORTATION COST	\$645,339	\$483,687	\$560,942	\$427,565	(\$329,108)	\$183,591	\$167,591	\$110,713	\$107,120	\$121,055	\$464,529	\$482,279	\$3,425,303
3	TOTAL	\$2,741,336	\$2,198,283	\$2,249,275	\$1,688,142	\$902,112	\$1,249,064	\$645,018	\$1,665,028	\$1,685,050	\$1,706,642	\$2,193,580	\$2,596,088	\$21,519,618
4	FUEL REVENUES (NET OF REVENUE TAX)	\$3,077,415	\$2,395,352	\$2,351,152	\$1,758,972	\$1,430,139	\$1,253,574	\$859,979	\$989,025	\$1,000,965	\$1,267,126	\$1,791,688	\$2,582,590	\$20,757,977
5	TRUE-UP - (COLLECTED) OR REFUNDED	\$242,610	\$242,602	\$242,602	\$242,602	\$242,602	\$242,602	\$242,602	\$242,602	\$242,602	\$242,602	\$242,602	\$242,602	\$2,911,232
6	FUEL REVENUE APPLICABLE TO PERIOD	\$3,320,025	\$2,637,954	\$2,593,754	\$2,001,574	\$1,672,741	\$1,496,176	\$1,102,581	\$1,231,627	\$1,243,567	\$1,509,728	\$2,034,290	\$2,825,192	\$23,669,209
7	TRUE-UP - OVER(UNDER) - THIS PERIOD	\$578,689	\$439,671	\$344,479	\$313,432	\$770,629	\$247,112	\$457,563	(\$433,401)	(\$441,483)	(\$196,914)	(\$159,290)	\$229,104	\$2,149,591
8	INTEREST PROVISION - THIS PERIOD	\$109	\$165	\$177	\$163	\$198	\$206	\$204	\$147	\$79	\$22	(\$20)	(\$40)	\$1,410
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	\$349,218	\$685,406	\$882,639	\$984,694	\$1,055,687	\$1,583,912	\$1,588,628	\$1,803,793	\$1,127,937	\$443,931	\$4,437	(\$397,475)	\$349,218
10	TRUE-UP COLLECTED OR (REFUNDED)	(\$242,610)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$242,602)	(\$2,911,232)
10a	FLEX RATE REFUND (if applicable)													
11	TOTAL ESTIMATED/ACTUAL TRUE-UP	\$685,406	\$882,639	\$984,694	\$1,055,687	\$1,583,912	\$1,588,628	\$1,803,793	\$1,127,937	\$443,931	\$4,437	(\$397,475)	(\$411,013)	
<b>INTEREST PROVISION</b>														
12	BEGINNING TRUE-UP	\$349,218	\$685,406	\$882,639	\$984,694	\$1,055,687	\$1,583,912	\$1,588,628	\$1,803,793	\$1,127,937	\$443,931	\$4,437	(\$397,475)	\$10,112,806
13	ENDING TRUE-UP BEFORE INTEREST	\$685,297	\$882,475	\$984,516	\$1,055,524	\$1,583,714	\$1,588,422	\$1,803,589	\$1,127,790	\$443,852	\$4,415	(\$397,455)	(\$410,973)	\$9,351,165
14	TOTAL (12+13)	\$1,034,515	\$1,567,880	\$1,867,155	\$2,040,217	\$2,639,401	\$3,172,334	\$3,392,217	\$2,931,582	\$1,571,789	\$448,346	(\$393,018)	(\$808,448)	\$19,463,971
15	AVERAGE	\$517,258	\$783,940	\$933,578	\$1,020,109	\$1,319,700	\$1,586,167	\$1,696,109	\$1,465,791	\$785,894	\$224,173	(\$196,509)	(\$404,224)	\$9,731,985
16	INTEREST RATE - FIRST DAY OF MONTH	0.25%	0.25%	0.25%	0.20%	0.19%	0.16%	0.16%	0.12%	0.12%	0.12%	0.12%	0.12%	
17	INTEREST RATE - FIRST DAY OF SURFOUFNT MONTH	0.25%	0.25%	0.20%	0.19%	0.16%	0.16%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	
18	TOTAL	0.50%	0.50%	0.45%	0.39%	0.35%	0.32%	0.28%	0.24%	0.24%	0.24%	0.24%	0.24%	
19	AVERAGE	0.250%	0.250%	0.225%	0.195%	0.175%	0.160%	0.140%	0.120%	0.120%	0.120%	0.120%	0.120%	
20	MONTHLY AVERAGE	0.021%	0.021%	0.019%	0.016%	0.015%	0.013%	0.012%	0.010%	0.010%	0.010%	0.010%	0.010%	
21	INTEREST PROVISION	\$109	\$165	\$177	\$163	\$198	\$206	\$204	\$147	\$79	\$22	(\$20)	(\$40)	\$1,410

COMPANY:				PURCHASED GAS ADJUSTMENT TRANSPORTATION PURCHASES SYSTEM SUPPLY AND END USE							SCHEDULE E-3	
FLORIDA PUBLIC UTILITIES COMPANY												
ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2012 THROUGH DECEMBER 2012												
MONTH	PURCHASED FROM	PURCHASED FOR	SCH TYPE	UNITS SYSTEM SUPPLY	UNITS END USE	UNITS TOTAL PURCHASED	COMMODITY COST		DEMAND COST	OTHER CHARGES ACA/GRI/FUEL	TOTAL CENTS PER THERM	
							THIRD PARTY	PIPELINE				
JANUARY	VARIOUS	SYS SUPPLY	N/A	5,014,307	0	5,014,307	\$3,482,160	\$16,138	\$475,693	INCLUDED IN COST	79.253	
FEBRUARY	VARIOUS	SYS SUPPLY	N/A	4,694,939	0	4,694,939	\$3,286,651	\$15,115	\$443,592	INCLUDED IN COST	79.774	
MARCH	VARIOUS	SYS SUPPLY	N/A	4,809,036	0	4,809,036	\$3,328,042	\$15,229	\$473,221	INCLUDED IN COST	79.361	
APRIL	VARIOUS	SYS SUPPLY	N/A	3,944,744	0	3,944,744	\$2,690,013	\$4,610	\$393,325	INCLUDED IN COST	78.280	
MAY	VARIOUS	SYS SUPPLY	N/A	3,374,915	0	3,374,915	\$2,412,700	\$10,867	\$90,952	INCLUDED IN COST	74.506	
JUNE	VARIOUS	SYS SUPPLY	N/A	2,907,220	0	2,907,220	\$2,069,432	\$9,361	\$88,006	INCLUDED IN COST	74.532	
JULY	VARIOUS	SYS SUPPLY	N/A	2,877,445	0	2,877,445	\$1,962,198	\$5,637	\$170,972	INCLUDED IN COST	74.330	
AUGUST	VARIOUS	SYS SUPPLY	N/A	2,907,423	0	2,907,423	\$1,982,640	\$5,714	\$170,972	INCLUDED IN COST	74.269	
SEPTEMBER	VARIOUS	SYS SUPPLY	N/A	2,829,399	0	2,829,399	\$1,929,434	\$5,569	\$165,446	INCLUDED IN COST	74.237	
OCTOBER	VARIOUS	SYS SUPPLY	N/A	3,024,447	0	3,024,447	\$2,077,370	\$5,958	\$163,418	INCLUDED IN COST	74.286	
NOVEMBER	VARIOUS	SYS SUPPLY	N/A	3,628,752	0	3,628,752	\$2,474,530	\$3,687	\$516,219	INCLUDED IN COST	82.520	
DECEMBER	VARIOUS	SYS SUPPLY	N/A	4,512,753	0	4,512,753	\$3,077,352	\$5,764	\$534,897	INCLUDED IN COST	80.173	
<b>TOTAL</b>				<b>44,525,380</b>	<b>0</b>	<b>44,525,380</b>	<b>\$30,772,522</b>	<b>\$103,649</b>	<b>\$3,686,713</b>		<b>77.625</b>	

COMPANY: <b>FLORIDA PUBLIC UTILITIES COMPANY</b>		PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2012 THROUGH DECEMBER 2012				SCHEDULE E-4
		PRIOR PERIOD: JANUARY 2010 THROUGH DECEMBER 2010			CURRENT PERIOD: JANUARY 2011 THROUGH DECEMBER 2011	(5)  (3)+(4) COMBINED TOTAL TRUE-UP
		(1)  SEVEN MONTHS ACTUAL PLUS FIVE MONTHS PROJECTED	(2)  ACTUAL	(3)  (2) - (1) DIFFERENCE	(4)  SEVEN MONTHS ACTUAL PLUS FIVE MONTHS PROJECTED	
<b>1</b>	TOTAL THERM SALES (\$)	\$28,645,199	\$26,260,003	(\$2,385,196)	\$23,669,209	\$21,284,013
<b>2</b>	TRUE-UP PROVISION FOR THE PERIOD OVER/(UNDER) COLLECTION (\$)	\$3,297,439	\$736,451	(\$2,560,988)	\$2,149,591	(\$411,397)
<b>3</b>	INTEREST PROVISION FOR THE PERIOD (\$)	\$4,591	\$3,565	(\$1,026)	\$1,410	\$384
<b>4</b>	END OF PERIOD TOTAL NET TRUE-UP (\$)	\$3,302,030	\$740,016	(\$2,562,014)	\$2,151,001	(\$411,013)
TOTAL TRUE-UP DOLLARS - OVER/(UNDER) RECOVERY						(\$411,013)
PROJECTED THERM SALES FOR JANUARY 2012 - DECEMBER 2012						44,457,260
CENTS PER THERM NECESSARY TO REFUND OVERRECOVERY / (COLLECT UNDERRECOVERY)						(0.925)

COMPANY:		PURCHASED GAS ADJUSTMENT THERM SALES AND CUSTOMER DATA												SCHEDULE E-5
FLORIDA PUBLIC UTILITIES COMPANY		ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2012 THROUGH DECEMBER 2012												
		PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
<b>THERM SALES (Thm) (FIRM)</b>														
GENERAL SERVICE (11), (41)		949,000	815,000	885,000	715,000	588,000	493,000	467,750	465,020	474,180	521,150	600,340	794,730	7,768,170
RESIDENTIAL (31)		1,539,750	1,609,750	1,550,750	1,182,750	938,750	778,750	664,750	598,750	604,750	669,750	874,750	1,243,750	12,257,000
LARGE VOLUME (51)		2,518,000	2,263,000	2,366,000	2,041,000	1,843,000	1,631,000	1,740,490	1,839,140	1,746,110	1,828,910	2,148,060	2,467,380	24,432,090
OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL FIRM</b>		<b>5,006,750</b>	<b>4,687,750</b>	<b>4,801,750</b>	<b>3,938,750</b>	<b>3,369,750</b>	<b>2,902,750</b>	<b>2,872,990</b>	<b>2,902,910</b>	<b>2,825,040</b>	<b>3,019,810</b>	<b>3,623,150</b>	<b>4,505,860</b>	<b>44,457,260</b>
<b>THERM SALES (Thm) (INTERRUPTIBLE)</b>														
INTERRUPTIBLE (61)		-	-	-	-	-	-	-	-	-	-	-	-	-
GS/COMM SMALL TRANS (90)		100,000	76,000	80,000	63,000	58,000	50,000	43,000	45,000	38,000	48,000	58,000	80,000	739,000
FIRM TRANSPORT (91)(94)		1,287,000	1,153,000	1,172,000	1,232,440	1,134,050	1,087,540	1,047,900	1,101,020	962,180	1,075,150	1,149,340	1,304,730	13,706,350
INTERR TRANSPORT (92)		562,000	473,000	529,000	469,000	465,000	394,000	435,000	424,000	416,000	469,000	497,000	569,000	5,702,000
LARGE VOLUME INT (93)		-	-	-	-	-	-	-	-	-	-	-	-	-
LESS: TRANSPORTATION		(1,949,000)	(1,702,000)	(1,781,000)	(1,764,440)	(1,657,050)	(1,531,540)	(1,525,900)	(1,570,020)	(1,416,180)	(1,592,150)	(1,704,340)	(1,953,730)	(20,147,350)
<b>TOTAL INTERRUPTIBLE</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL THERM SALES</b>		<b>5,006,750</b>	<b>4,687,750</b>	<b>4,801,750</b>	<b>3,938,750</b>	<b>3,369,750</b>	<b>2,902,750</b>	<b>2,872,990</b>	<b>2,902,910</b>	<b>2,825,040</b>	<b>3,019,810</b>	<b>3,623,150</b>	<b>4,505,860</b>	<b>44,457,260</b>
<b>NUMBER OF CUSTOMERS (FIRM)</b>														
GENERAL SERVICE (11), (41)		3,227	3,181	3,172	3,190	3,203	3,178	3,185	3,237	3,238	3,552	3,274	3,293	38,930
RESIDENTIAL (31)		47,277	47,096	47,265	47,457	47,690	47,335	47,310	47,490	47,540	47,645	47,728	47,598	569,431
LARGE VOLUME (51)		1,279	1,275	1,275	1,295	1,293	1,271	1,303	1,320	1,345	1,363	1,388	1,406	15,813
OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL FIRM</b>		<b>51,783</b>	<b>51,552</b>	<b>51,712</b>	<b>51,942</b>	<b>52,186</b>	<b>51,784</b>	<b>51,798</b>	<b>52,047</b>	<b>52,123</b>	<b>52,560</b>	<b>52,390</b>	<b>52,297</b>	<b>624,174</b>
<b>NUMBER OF CUSTOMERS (INT.)</b>														
INTERRUPTIBLE (61)		-	-	-	-	-	-	-	-	-	-	-	-	-
GS/COMM SMALL TRANS (90)		195	202	208	214	220	227	334	344	354	364	375	390	3,427
FIRM TRANSPORT (91)(94)		482	482	482	482	482	482	572	572	572	572	572	572	6,324
INTERR TRANSPORT (92)		13	13	13	13	13	13	13	13	13	13	13	13	153
LARGE VOLUME INT (93)		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INTERRUPTIBLE</b>		<b>690</b>	<b>697</b>	<b>703</b>	<b>709</b>	<b>715</b>	<b>722</b>	<b>919</b>	<b>929</b>	<b>939</b>	<b>949</b>	<b>960</b>	<b>975</b>	<b>9,904</b>
<b>TOTAL CUSTOMERS</b>		<b>52,473</b>	<b>52,249</b>	<b>52,415</b>	<b>52,651</b>	<b>52,901</b>	<b>52,506</b>	<b>52,717</b>	<b>52,976</b>	<b>53,062</b>	<b>53,509</b>	<b>53,350</b>	<b>53,272</b>	<b>634,078</b>
<b>THERM USE PER CUSTOMER</b>														
GENERAL SERVICE (11), (41)		294	256	279	224	184	155	147	144	146	147	183	241	2,400
RESIDENTIAL (31)		33	34	33	25	20	16	14	13	13	14	18	26	259
LARGE VOLUME (51)		1,969	1,775	1,856	1,576	1,425	1,283	1,336	1,393	1,298	1,342	1,548	1,755	18,556
OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-
INTERRUPTIBLE (61)		-	-	-	-	-	-	-	-	-	-	-	-	-
GS/COMM SMALL TRANS (90)		513	376	385	294	264	220	129	131	107	132	155	205	2,911
FIRM TRANSPORT (91)(94)		2,670	2,392	2,432	2,557	2,353	2,256	1,832	1,925	1,682	1,880	2,009	2,281	26,269
INTERR TRANSPORT (92)		44,946	37,828	42,320	37,520	35,769	30,717	33,913	33,055	32,480	36,619	38,805	44,426	448,398
LARGE VOLUME INT (93)		-	-	-	-	-	-	-	-	-	-	-	-	-