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August 18, 2017

E-Portal
Ms. Carlotta Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20170003-GU - Purchased gas adjustment (PGA) true-up.

Dear Ms. Stauffer:

Attached for electronic filing, please find the Petition for Approval of PGA Factor, accompanied by the Direct Testimony and Exhibit MDN-2 of Ms. Michelle Napier, submitted in the referenced Docket on behalf of Florida Public Utilities Company.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK
cc: Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment (PGA) True-Up	)))	Docket No. 20170003-GU Filed: August 18, 2017

PETITION FOR APPROVAL OF THE PURCHASED GAS (PGA) FACTOR FOR FLORIDA PUBLIC UTILITIES COMPANY

Florida Public Utilities Company ("FPUC" or "the Company") hereby files its petition for approval of its Purchased Gas Adjustment ("PGA") factor to be applied for service to be rendered during the projected period of January 1, 2018 through December 31, 2018. In support of this Petition, FPUC states:

1. The Company is a natural gas utility with its principal office located at:

   Florida Public Utilities Company
   1750 S 14th Street, Suite 200
   Fernandina Beach FL 32034

2. The name and mailing address of the persons authorized to receive notices are:

   Beth Keating, Esq
   Gunster, Yoakley & Stewart, P.A.
   215 S. Monroe St., Suite 601
   Tallahassee, FL 32301-1839
   (850) 521-1706
   bkeating@gunster.com

   Mike Cassel, Director/Regulatory and Governmental Affairs
   Florida Public Utilities Company
   1750 S 14th Street, Suite 200
   Fernandina Beach FL 32034
   mcassel@fpuc.com

3. Pursuant to the requirements in this docket, FPUC, concurrently with the filing of this petition, files testimony and Schedules E-1, E-1R, E-2, E-3, E-4, and E-5 (Exhibit MDN-2) for its consolidated gas division to support the calculation of the PGA recovery (cap) factor for the period January 2018 through December 2018.

4. As indicated in the testimony of Ms. Michelle D. Napier, FPUC has calculated its total net true-up (including interest and applicable regulatory assessment fees) for the period

January 2016 through December 2016 to be an over-recovery of $3,402, inclusive of interest.

5. Schedule E-4 also shows the projected true-up for the current period January 2017 through December 2017 is an over-recovery of $675,736, inclusive of interest.

6. The total net true-up as shown on Schedule E-4 is an over-recovery of $679,138 to be refunded during the projected period.

7. Consistent with the prior year, the Company's projected period costs include amounts associated with anticipated capacity costs for extending service to unserved areas, including expansion in Escambia County. In addition, the Company has included costs allocated from the Company's sister utility, the Florida Division of Chesapeake Utilities Corporation, in accordance with Order PSC-2015-0321-PAA-GU, issued August 10, 2015, in Docket No. 20150117-GU. These costs are reflected in Schedules E-1 and E-3, which are incorporated in composite Exhibit MDN-2 to the Direct Testimony of Ms. Napier.

8. The Company has forecasted the 2018 weighted average cost of gas using the projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs, and the projected supplier commodity costs, while also incorporating projected costs associated with the Company's purchased gas functions. Consistent with Commission Order No. PSC-2016-0422-TRF-GU, a portion of the intrastate capacity costs is now allocated to certain transportation service customers outside the PGA, which has resulted in a decrease to the costs to be allocated to customers subject to the PGA. As explained in the testimony of Company witness Napier, the sum of the costs to be allocated through

the PGA mechanism is then divided by projected therm sales to traditional, non-transportation service customers.

9. In calculating the costs to be allocated, the Company has included costs for outside consulting expenses associated with the ongoing review and modification to the Company's PGA and capacity cost allocation process, as well as costs associated with a new software tool used to manage customer usage, which enhances the Company's ability to determine the supply needs of the various rate classes. The costs included are directly tied to the gas purchase function of the Company and were not otherwise contemplated in the Company's last rate case.

10. Based on the estimated therm purchases for resale during the projected period, Schedule E-1 reflects that the maximum purchased gas cost recovery factor is 101.976¢ per therm. This rate includes not only the projected cost of gas purchased, but also the prior period true-up and revenue tax factors.

WHEREFORE, FPUC respectfully requests that the Commission enter its Order approving the Company's proposed PGA cost recovery factor cap of 101.976 cents per therm to be applied to customer's bills for the period January 2018 through December 2018.

RESPECTFULLY SUBMITTED this 18th day of August, 2017.

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FPUC's Petition for Approval of PGA Factor, in Docket No. 20170003-GU, along with the Testimony and Exhibit of Michelle D. Napier, has been furnished by electronic mail to the following parties of record this 18th day of August, 2017:

Florida Public Utilities Company Mike Cassel 1750 S 14th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com	MacFarlane Ferguson Law Firm Ansley Watson, Jr./Andrew Brown P.O. Box 1531 Tampa, FL 33601-1531 aw@macfar.com AB@macfar.com
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Peoples Gas System Paula Brown/Kandi Floyd P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com kfloyd@tecoenergy.com	St. Joe Natural Gas Company, Inc. Andy Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549 Andy@stjoegas.com
Florida City Gas Carolyn Bermudez 933 East 25th Street Hialeah, FL 33013-3498 cbermude@southernco.com	Southern Company Gas Elizabeth Wade Ten Peachtree Place Location 1470 Atlanta, GA 30309 ewade@southernco.com
Southern Company Gas Regulatory Affairs/Florida and Tennessee Blake O'Farrow, Director Ten Peachtree Place Location 1470 Atlanta, GA 30309 bofarrow@southernco.com	Greg Munson, Esquire Gunster, Yoakley & Stewart, P.A. 215 South Monroe St., Suite 601 Tallahassee, FL 32301 gmunson@gunster.com

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20170003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

(Actual/Estimated and Projections)

DIRECT TESTIMONY

OF MICHELLE D. NAPIER

On behalf of Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is Michelle D. Napier. My business address is 1641 Worthington Road, Suite 220, West Palm Beach, Florida 33409.

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

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

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

A. I graduated from University of South Florida in 1986 with a BS degree in Finance. I have been employed with FPUC since 1987. During my employment at FPUC, I have performed various roles and functions in accounting, management and most recently, regulatory accounting (PGA, conservation, earnings surveillance reports, regulatory reporting).

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

A. Yes.

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

A. My testimony will establish the PGA "true-up" collection amount, based on actual January 2016 through June 2017 data and projected July through December 2018 data. My testimony will describe the Company's forecast of pipeline charges and commodity costs of natural gas for 2018. Finally, I will summarize the computations that are contained in composite exhibit MDN-2 supporting the January through December 2018 projected PGA recovery (cap) factor for the FPUC consolidated gas division

Q. Which schedules have you included in your Exhibit MDN-2?

A. The Company has previously filed True-Up schedules A-1, A-2, A-3, A-4, A-5, A-6 and A-7 in this proceeding. Exhibit MDN-2, which is included with my testimony, contains Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the FPUC consolidated gas division. These schedules support the calculation of the PGA recovery (cap) factor for January through December 2018.

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

A. The purchases for the gas cost projection model are based on projected sales to traditional non-transportation service customers. Florida Gas Transmission Company's (FGT) FTS-1, FTS-2, FTS-3, NNTS-1 and ITS-1 effective charges (including surcharges) and fuel rates, based on the prices from the FGT posted rates, and were used for the entire projection period. As is further explained herein, the Company has also included costs related to expansion by our sister utility, the Florida Division of Chesapeake Utilities Corporation (CFG), in Escambia County. The expected costs of natural gas purchased by the Company during the projection period were developed using actual prices paid during relevant historical periods and the Henry Hub natural gas futures pricing through the end of the projection period. The forecasts of the commodity costs were then adjusted to reflect the unexpected potential market increases in the projection period.

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

A. The Company has forecasted the 2018-weighted average cost of gas using the projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs and the projected supplier commodity costs. The weighted average cost of gas also includes projected costs related to our purchased gas functions and processes and a credit for the swing service rider. The sum of these costs are then divided by the projected therm sales to the traditional non-transportation customers resulting in the projected weighted average cost of gas and ultimately the PGA recovery (cap) factor, as shown on Schedule E-1. Capacity shortfall if any, would be satisfied by gas and capacity repackaged and delivered by another FGT capacity holder. If other services become available and it is economic to dispatch supplies under those services, the Company will utilize those services as part of its portfolio.

Q. Please describe any additional planned expansion opportunities.

A. CFG is pursuing the opportunity to expand into Escambia County as well as reinforce and expand its distribution in the Auburndale area. In accordance with Order PSC-2015-0321-PAA-GU, issued August 10, 2015, in Docket No. 20150117-GU, these costs have been allocated to both entities.

Q. Are the pipeline capacity and supply costs associated with expansions appropriate for recovery in the PGA docket?

A. Yes. Historically, the Commission has allowed recovery, through the clause, of upstream transmission pipeline capacity, transportation and related supply costs associated with service expansions to new areas.

Q. Did you include costs of other expansions or interconnects related to Florida Division of Chesapeake Utilities (CFG) in the calculations of your true-up and projected amounts?

A. Yes. There is a local distribution company (LDC) to LDC interconnect with TECO/PGS and CFG for pressure stabilization of CFG's system in Hernando County. In addition, there is an interconnection to CFG's facilities for Gulfstream's Baseball City Gate southward through Davenport and Haines City.

Q. Please explain how these costs incurred by CFG are recoverable under the PGA clause.

A. Consistent with the prior years, the modified cost allocation methodology and revised purchased gas adjustment calculation approved by the Commission by Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, had been applied to allocate these costs to the Transitional Transportation Service (TTS) pool customers, until the approval of the Swing Service Rider in 2016, which allocates these costs to certain transportation service customers who were not part of modified cost allocation methodology approved in 2015.

Q. Please explain the Swing Service Rider.

A. On April 11, 2016, Docket No. 20160085-GU, Florida Public Utilities, Florida Division of Chesapeake Utilities (CFG), Florida Public Utilities Indiantown and Ft. Meade Divisions (the Companies) filed a joint petition for approval of the Swing Service Rider with this Commission. The Swing Service Rider proposed that the allocation of all costs be expanded to include transportation service customers on FPUC's system (i.e., customers who are not part of the current PGA mechanism) as well as shippers on CFG's system that are not part of the TTS pools. The Companies believe that these customers ultimately should bear their fair portion of the intrastate capacity costs. However, the Companies recognize that shippers for the larger classes of customers provide a service under contracts that will likely need to be amended to adjust for the revised cost allocations and systems need to be implemented to allow for billing of these charges to transportation customers and/or shippers. This petition was approved September 2016, Order No. PSC-2016-0422-TRF-GU.

Q. What is the effect of Swing Service Rider on PGA costs?

A. As shown on Schedule E-1, the Company has reduced PGA costs of $1,793,239 attributable to the Swing Service Rider allocated to certain gas transportation customers.

Q. Describe how the Company computed the Swing Service Rider and its impact on PGA costs.

A. The Company compiled the actual throughput volumes, based on the most recent 12-months usage data, for each affected transportation and sales rate schedule to determine the percentage split between transportation and sales service customers relative to the total throughput for the affected rate schedules. The split for allocating the annual total intrastate and LDC-to-LDC capacity costs of $5.0 million is 70.20 percent ($3.5 million) to transportation customers and 29.80 percent ($1.5 million) to sales customers. Then, the transportation customers' share of the $3.5 million would be allocated to the affected transportation rate schedules in proportion to each rate schedule's share of the total throughput for the affected transportation rate schedules. The costs allocated to each rate schedule was then divided by the rate schedule's number of therms to calculate the cost recovery factor to be billed by rate schedule directly to the transportation customers. Since the Company recognized that implementation of the swing service rider could have a significant financial impact on large volume customers, the Company requested and received approval of a stepped implementation process, annually applying a rate of 20 percent of the total allocation until 100 percent is reached in five years. Therefore, the Company applied a rate of 40 percent this year to the large volume customers.

Q. Have the appropriate related costs and credits been included in the Projections for 2018?

A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit MDN-2, the Company has included the costs of existing and planned interstate and intrastate capacity agreements, as well as the costs associated with the Swing Service Rider as described above.

Q. Did you include costs in addition to the costs specific to purchased gas in the calculations of your true-up and projected amounts?

A. Yes, included with our purchased gas costs are consulting expenses to assist in the advancement of our PGA processes. Additionally, the Company has included costs associated with a software tool used by the Company to manage customer usage and assist in determining the gas supply needs for the rate classes subject to the PGA. These costs directly influence the Company's PGA factor and are appropriate for recovery through the PGA clause.

Q. Please explain how these costs were determined to be recoverable under the PGA clause.

A. The costs the Company has included are integrally related to the gas purchase function and were not anticipated or included in the cost levels used to establish the current base rates. These costs relate to the Company's optimization of fuel supply in an effort to protect current fuel savings, and directly benefit our customers. These costs have historically been allowed for recovery through the PGA and are not being recovered through the Companies' base rates.

Q. What is the projection period for this filing?

A. The projection period is January through December 2018.

Q. What is the appropriate final PGA true-up amount for the period January through December 2016?

A. As shown on Schedule E-4, the final PGA true-up amount for the period January through December 2016 is an over-recovery of $3,402, inclusive of interest.

Q. What is the projected PGA true-up amount for the period January through December 2017?

A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-recovery of $675,736, inclusive of interest, for the period January through December 2017.

Q. What is the total projected PGA true-up amount to be collected from or refunded to customers for the period January through December 2018?

A. As shown on Schedule E-4, the total net over-recovery to be refunded for the period January through December 2018 is $679,138.

Q. What is the appropriate PGA recovery (cap) factor for the period January through December 2018?

A. As shown on Schedule E-1, the PGA recovery (cap) factor is 101.976¢ per therm for the period January through December 2018.

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

A. The PGA recovery (cap) factor should be effective for all meter readings during the period of January 1, 2018 through December 31, 2018.

Q. Does this conclude your testimony?

A. Yes.

COMPANY:

FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1

ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2018 THROUGH DECEMBER 2018

#		PROJECTED JAN	PROJECTED FEB	PROJECTED MAR	PROJECTED APR	PROJECTED MAY	PROJECTED JUN	PROJECTED JUL	PROJECTED AUG	PROJECTED SEP	PROJECTED OCT	PROJECTED NOV	PROJECTED DEC	TOTAL
	COST OF GAS PURCHASED													
1	COMMODITY (Pipeline)	$8,045	$8,208	$7,408	$6,215	$5,099	$4,369	$4,180	$3,978	$4,123	$4,395	$5,168	$6,431	$67,619
2	NO NOTICE SERVICE	$8,891	$6,357	$5,853	$3,915	$1,660	$1,606	$1,645	$1,645	$1,577	$3,112	$5,062	$7,039	$48,362
3	SWING SERVICE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	COMMODITY (Other)	$2,231,705	$1,954,306	$1,782,109	$1,484,644	$1,374,096	$1,139,080	$1,004,966	$993,458	$1,050,637	$964,444	$1,391,494	$1,962,374	$17,333,313
5	DEMAND	$1,824,817	$1,723,348	$1,824,817	$1,774,770	$1,431,287	$1,295,677	$1,312,989	$1,312,989	$1,295,677	$1,414,217	$1,772,784	$1,806,001	$18,789,373
6	OTHER	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,413	$185,000
	LESS END-USE CONTRACT:													
7	COMMODITY (Pipeline)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	DEMAND - SWING SERVICE CREDIT	$149,437	$149,437	$149,437	$149,437	$149,437	$149,437	$149,437	$149,437	$149,437	$149,437	$149,437	$149,437	$1,793,239
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+10)-(7+8+9)	$3,939,438	$3,558,199	$3,486,167	$3,135,524	$2,678,122	$2,306,712	$2,189,760	$2,178,050	$2,217,994	$2,252,148	$3,040,488	$3,647,821	$34,630,428
12	NET UNBILLED	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	COMPANY USE	$700	$400	$500	$400	$500	$700	$600	$600	$700	$500	$500	$700	$6,800
14	TOTAL THERM SALES	$3,938,738	$3,557,799	$3,485,667	$3,135,124	$2,677,622	$2,306,012	$2,189,160	$2,177,450	$2,217,294	$2,251,648	$3,039,988	$3,647,121	$34,623,628
	THERMS PURCHASED													
15	COMMODITY (Pipeline)	3,982,380	4,063,200	3,667,140	3,076,750	2,524,600	2,162,610	2,069,300	1,969,310	2,041,020	2,175,880	2,558,520	3,183,480	33,474,190
16	NO NOTICE SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-
17	SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-
18	COMMODITY (Other)	3,982,380	4,063,200	3,667,140	3,076,750	2,524,600	2,162,610	2,069,300	1,969,310	2,041,020	2,175,880	2,558,520	3,183,480	33,474,190
19	DEMAND	15,476,440	13,978,720	15,476,440	14,700,300	8,757,500	6,552,900	6,771,330	6,771,330	6,552,900	8,402,550	14,647,200	15,135,440	133,223,050
20	OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
	LESS END-USE CONTRACT:													
21	COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	DEMAND - SWING SERVICE CREDIT	-	-	-	-	-	-	-	-	-	-	-	-	-
23	COMMODITY (Other)	-	-	-	-	-	-	-	-	-	-	-	-	-
24	TOTAL PURCHASES (+17+18+20)-(21+23)	3,982,380	4,063,200	3,667,140	3,076,750	2,524,600	2,162,610	2,069,300	1,969,310	2,041,020	2,175,880	2,558,520	3,183,480	33,474,190
25	NET UNBILLED	-	-	-	-	-	-	-	-	-	-	-	-	-
26	COMPANY USE	1,195	927	970	886	995	1,286	1,311	1,256	1,371	1,233	992	1,158	13,580
27	TOTAL THERM SALES (For Estimated, 24 - 26)	3,981,185	4,062,273	3,666,170	3,075,864	2,523,605	2,161,324	2,067,989	1,968,054	2,039,649	2,174,647	2,557,528	3,182,322	33,460,610
	CENTS PER THERM													
28	COMMODITY (Pipeline) (1/15)	0.202	0.202	0.202	0.202	0.202	0.202	0.202	0.202	0.202	0.202	0.202	0.202	0.202
29	NO NOTICE SERVICE (2/16)	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
30	SWING SERVICE (3/17)	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) (4/18)	56.039	48.098	48.597	48.254	54.428	52.672	48.566	50.447	51.476	44.324	54.387	61.642	51.781
32	DEMAND (5/19)	11.791	12.328	11.791	12.073	16.344	19.773	19.390	19.390	19.773	16.831	12.103	11.932	14.104
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 - SWING SERVICE CREDIT (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)	98.922	87.571	95.065	101.910	106.081	106.663	105.821	110.600	108.671	103.505	118.838	114.586	103.454
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)	58.577	43.150	51.546	45.147	50.251	54.432	45.767	47.771	51.058	40.552	50.403	60.449	50.074
40	TOTAL COST OF THERM SOLD (11/27)	98.951	87.591	95.090	101.940	106.123	106.727	105.888	110.670	108.744	103.564	118.884	114.628	103.496
41	TRUE-UP (REFUND)/RECOVER (E-4)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)	(2.030)
42	TOTAL COST OF GAS (40+41)	96.921	85.561	93.060	99.910	104.093	104.697	103.858	108.640	106.714	101.534	116.854	112.598	101.466
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 (42x43)	97.40843	85.99129	93.52780	100.41168	104.61595	105.22292	104.38029	109.18617	107.25016	102.04407	117.44107	113.16347	101.97597
45	**PGA FACTOR** (ROUNDED TO NEAREST .001)	**97.408**	**85.991**	**93.528**	**100.412**	**104.616**	**105.223**	**104.380**	**109.186**	**107.250**	**102.044**	**117.441**	**113.163**	**101.976**

COMPANY:

FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION
ACTUAL JANUARY 2017 THROUGH JUNE 2017
ESTIMATED JULY 2017 THROUGH DECEMBER 2017

SCHEDULE E-1/R

			----- ACTUAL -----	----- ACTUAL -----	----- ACTUAL -----	----- ACTUAL -----			---- PROJECTED ----	---- PROJECTED ----	---- PROJECTED ----		---- PROJECTED ----		
			JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	COST OF GAS PURCHASED														
1	COMMODITY (Pipeline)		$5,666	$2,747	$4,042	$4,173	$732	1,018	$115,353	$104,523	$112,726	$44,377	$100,366	$176,869	$672,593
2	NO NOTICE SERVICE		$8,891	$6,357	$5,853	$3,915	$1,660	$1,606	$165	$165	$158	$312	$508	$707	$30,297
3	SWING SERVICE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4	COMMODITY (Other)		$2,031,399	$964,421	$603,331	$1,067,095	$927,905	$97,820	$1,673,379	$1,599,966	$1,623,528	$1,749,182	$2,106,441	$2,760,328	$17,204,796
5	DEMAND		$1,215,713	$1,133,582	$1,198,026	$1,151,513	$782,274	$772,696	$666,413	$666,413	$660,734	$719,092	$898,182	$911,776	$10,776,414
6	OTHER		$13,725	$2,720	$30,493	$13,193	$7,348	$9,686	$8,083	$8,083	$8,083	$8,083	$8,083	$8,087	$125,668
	LESS END-USE CONTRACT:														
7	COMMODITY (Pipeline)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	DEMAND - SWING SERVICE CREDIT		$0	$0	$0	$0	$0	$0	$93,358	$93,358	$93,358	$93,358	$93,358	$93,358	$560,148
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+10)-(7+8+9)	$3,275,394	$2,109,829	$1,841,745	$2,239,888	$1,719,919	$882,826	$2,370,035	$2,285,792	$2,311,871	$2,427,688	$3,020,222	$3,764,409	$28,249,620
12	NET UNBILLED		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	COMPANY USE		$963	$784	$820	$750	$842	$1,087	$1,000	$900	$900	$800	$900	$800	$10,546
14	TOTAL THERM SALES		$2,183,161	$2,546,758	$2,089,943	$1,267,851	$1,143,994	$942,094	$2,369,035	$2,284,892	$2,310,971	$2,426,888	$3,019,322	$3,763,609	$26,348,518
	THERMS PURCHASED														
15	COMMODITY (Pipeline)		4,444,089	1,998,511	3,360,720	3,604,610	(363,720)	490,260	2,517,940	2,403,900	2,448,240	2,624,890	3,133,110	4,007,950	30,670,500
16	NO NOTICE SERVICE		1,860,000	1,330,000	1,224,500	819,000	347,200	336,000	-	-	-	-	-	-	5,916,700
17	SWING SERVICE		-	-	-	-	-	-	-	-	-	-	-	-	0
18	COMMODITY (Other)		3,515,749	2,839,149	2,308,274	2,225,384	1,465,562	1,453,517	2,517,940	2,403,900	2,448,240	2,624,890	3,133,110	4,007,950	30,943,665
19	DEMAND		10,936,702	11,852,032	13,151,007	11,910,691	5,350,345	5,217,625	1,326,800	1,326,800	1,284,000	2,196,660	2,113,800	2,184,260	68,850,722
20	OTHER		-	-	-	-	-	-	-	-	-	-	-	-	0
	LESS END-USE CONTRACT:														
21	COMMODITY (Pipeline)		-	-	-	-	-	-	-	-	-	-	-	-	0
22	DEMAND - SWING SERVICE CREDIT		-	-	-	-	-	-	-	-	-	-	-	-	0
23	COMMODITY (Other)		-	-	-	-	-	-	-	-	-	-	-	-	0
24	TOTAL PURCHASES	(+17+18+20)-(21+23)	3,515,749	2,839,149	2,308,274	2,225,384	1,465,562	1,453,517	2,517,940	2,403,900	2,448,240	2,624,890	3,133,110	4,007,950	30,943,665
25	NET UNBILLED		0	0	0	0	0	0	0	0	0	0	0	0	0
26	COMPANY USE		1,195	927	970	886	995	1,286	1,455	1,347	1,312	1,175	1,282	1,198	14,028
27	TOTAL THERM SALES	(For Estimated, 24 - 26)	4,396,739	4,970,161	4,125,327	3,291,598	2,808,143	2,256,859	2,516,485	2,402,553	2,446,928	2,623,715	3,131,828	4,006,752	38,977,088
	CENTS PER THERM														
28	COMMODITY (Pipeline)	(1/15)	0.128	0.137	0.120	0.116	(0.201)	0.208	4.581	4.348	4.604	1.691	3.203	4.413	2.193
29	NO NOTICE SERVICE	(2/16)	0.478	0.478	0.478	0.478	0.478	0.478	0.000	0.000	0.000	0.000	0.000	0.000	0.512
30	SWING SERVICE	(3/17)	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)	(4/18)	57.780	33.969	26.138	47.951	63.314	6.730	66.458	66.557	66.314	66.638	67.232	68.871	55.600
32	DEMAND	(5/19)	11.116	9.564	9.110	9.668	14.621	14.809	50.227	50.227	51.459	32.736	42.491	41.743	15.652
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 - SWING SERVICE CREDIT	(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)	93.163	74.312	79.789	100.652	117.356	60.737	94.126	95.087	94.430	92.487	96.397	93.924	91.294
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)	80.586	84.574	84.536	84.650	84.623	84.526	68.729	66.815	68.598	68.085	70.203	66.778	75.178
40	TOTAL COST OF THERM SOLD	(11/27)	74.496	42.450	44.645	68.049	61.248	39.117	94.180	95.140	94.481	92.529	96.436	93.952	72.478
41	TRUE-UP	(E-4)	0.836	0.836	0.836	0.836	0.836	0.836	0.836	0.836	0.836	0.836	0.836	0.836	0.836
42	TOTAL COST OF GAS	(40+41)	75.332	43.286	45.481	68.885	62.084	39.953	95.016	95.976	95.317	93.365	97.272	94.788	73.314
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	(42x43)	75.71054	43.50343	45.70937	69.23081	62.39553	40.15424	95.49383	96.45841	95.79551	93.83380	97.76119	95.26394	73.68190
45	**PGA FACTOR**	ROUNDED TO NEAREST .001	**75.711**	**43.503**	**45.709**	**69.231**	**62.396**	**40.154**	**95.494**	**96.458**	**95.796**	**93.834**	**97.761**	**95.264**	**73.682**

Docket No. 20170003-GU
Page 3 of 6
Exhibit No. __________
Michelle D Napier (MDN-2)

COMPANY:
FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT
CALCULATION OF TRUE-UP AMOUNT
ACTUAL JANUARY 2017 THROUGH JUNE 2017
ESTIMATED JULY 2017 THROUGH DECEMBER 2017

SCHEDULE E-2

			ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL		PROJECTED		PROJECTED		PROJECTED		
			JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	TRUE-UP CALCULATION														
1	PURCHASED GAS COST		$2,031,399	$964,421	$603,331	$1,067,095	$927,905	$97,820	$1,673,379	$1,599,966	$1,623,528	$1,749,182	$2,106,441	$2,760,328	$17,204,796
2	TRANSPORTATION COST		$1,243,995	$1,145,408	$1,238,414	$1,172,793	$792,014	$785,006	$696,656	$685,826	$688,343	$678,506	$913,781	$1,004,081	$11,044,823
3	TOTAL		$3,275,394	$2,109,829	$1,841,745	$2,239,888	$1,719,919	$882,826	$2,370,035	$2,285,792	$2,311,871	$2,427,688	$3,020,222	$3,764,409	$28,249,620
4	FUEL REVENUES (NET OF REVENUE TAX)		$2,729,350	$2,752,692	$2,404,902	$2,145,701	$1,576,122	$1,319,173	$2,391,073	$2,305,877	$2,332,327	$2,449,622	$3,046,404	$3,797,905	$29,251,148
5	TRUE-UP - (COLLECTED) OR REFUNDED		($27,365)	($27,373)	($27,373)	($27,373)	($27,373)	($27,373)	($27,373)	($27,373)	($27,373)	($27,373)	($27,373)	($27,373)	($328,468)
6	FUEL REVENUE APPLICABLE TO PERIOD	Add Lines 5+6	$2,701,985	$2,725,319	$2,377,529	$2,118,328	$1,548,749	$1,291,800	$2,363,700	$2,278,504	$2,304,954	$2,422,249	$3,019,031	$3,770,532	$28,922,680
7	TRUE-UP - OVER(UNDER) - THIS PERIOD	Line 6- Line 3	($573,409)	$615,490	$535,784	($121,560)	($171,170)	$408,974	($6,335)	($7,288)	($6,917)	($5,439)	($1,191)	$6,123	$673,060
8	INTEREST PROVISION -THIS PERIOD	Line 21	($311)	($286)	$32	$195	$120	$230	$408	$424	$439	$455	$474	$496	$2,676
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST		($325,065)	($871,420)	($228,844)	$334,345	$240,353	$96,676	$533,252	$554,698	$575,207	$596,102	$618,491	$645,147	($325,065)
10	TRUE-UP COLLECTED OR (REFUNDED)	Reverse of Line 6	$27,365	$27,373	$27,373	$27,373	$27,373	$27,373	$27,373	$27,373	$27,373	$27,373	$27,373	$27,373	$328,468
10a	FLEX RATE REFUND (if applicable)														
11	TOTAL ESTIMATED/ACTUAL TRUE-UP	Add Lines 7+8+9+10+10a	($871,420)	($228,844)	$334,345	$240,353	$96,676	$533,252	$554,698	$575,207	$596,102	$618,491	$645,147	$679,139	
	INTEREST PROVISION														
12	BEGINNING TRUE-UP	Line 9	($325,065)	($871,420)	($228,844)	$334,345	$240,353	$96,676	$533,252	$554,698	$575,207	$596,102	$618,491	$645,147	$2,768,943
13	ENDING TRUE-UP BEFORE INTEREST	Add Lines 12+7+10	($871,109)	($228,558)	$334,313	$240,158	$96,556	$533,022	$554,290	$574,783	$595,663	$618,036	$644,673	$678,643	$3,770,471
14	TOTAL (12+13)	Add Lines 12+13	($1,196,174)	($1,099,978)	$105,470	$574,503	$336,908	$629,698	$1,087,543	$1,129,481	$1,170,870	$1,214,138	$1,263,164	$1,323,790	$6,539,414
15	AVERAGE	50% of Line 14	($598,087)	($549,989)	$52,735	$287,251	$168,454	$314,849	$543,771	$564,741	$585,435	$607,069	$631,582	$661,895	$3,269,707
16	INTEREST RATE - FIRST DAY OF MONTH		0.63%	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH		0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	
18	TOTAL	Add Lines 16+17	1.25%	1.25%	1.43%	1.64%	1.70%	1.76%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	
19	AVERAGE	50% of Line 18	0.625%	0.625%	0.715%	0.820%	0.850%	0.880%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	
20	MONTHLY AVERAGE	Line 19 / 12 mos.	0.052%	0.052%	0.060%	0.068%	0.071%	0.073%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	
21	INTEREST PROVISION	Line 15 x Line 20	($311)	($286)	$32	$195	$120	$230	$408	$424	$439	$455	$474	$496	$2,676

COMPANY:
FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT
TRANSPORTATION PURCHASES
SYSTEM SUPPLY AND END USE
ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2018 THROUGH DECEMBER 2018

SCHEDULE E-3

MONTH	PURCHASED FROM	PURCHASED FOR	SCH TYPE	UNITS SYSTEM SUPPLY	UNITS END USE	UNITS TOTAL PURCHASED	COMMODITY COST THIRD PARTY	COMMODITY COST PIPELINE	DEMAND COST	OTHER CHARGES ACA/GRI/FUEL	TOTAL CENTS PER THERM
JANUARY	VARIOUS	SYS SUPPLY	N/A	3,982,380	0	3,982,380	$2,231,705	$23,462	$1,684,271	INCLUDED IN COST	98.922
FEBRUARY	VARIOUS	SYS SUPPLY	N/A	4,063,200	0	4,063,200	$1,954,306	$23,625	$1,580,268	INCLUDED IN COST	87.571
MARCH	VARIOUS	SYS SUPPLY	N/A	3,667,140	0	3,667,140	$1,782,109	$22,825	$1,681,233	INCLUDED IN COST	95.065
APRIL	VARIOUS	SYS SUPPLY	N/A	3,076,750	0	3,076,750	$1,484,644	$21,632	$1,629,248	INCLUDED IN COST	101.910
MAY	VARIOUS	SYS SUPPLY	N/A	2,524,600	0	2,524,600	$1,374,096	$20,516	$1,283,510	INCLUDED IN COST	106.081
JUNE	VARIOUS	SYS SUPPLY	N/A	2,162,610	0	2,162,610	$1,139,080	$19,786	$1,147,846	INCLUDED IN COST	106.663
JULY	VARIOUS	SYS SUPPLY	N/A	2,069,300	0	2,069,300	$1,004,966	$19,597	$1,165,197	INCLUDED IN COST	105.821
AUGUST	VARIOUS	SYS SUPPLY	N/A	1,969,310	0	1,969,310	$993,458	$19,395	$1,165,197	INCLUDED IN COST	110.600
SEPTEMBER	VARIOUS	SYS SUPPLY	N/A	2,041,020	0	2,041,020	$1,050,637	$19,540	$1,147,817	INCLUDED IN COST	108.671
OCTOBER	VARIOUS	SYS SUPPLY	N/A	2,175,880	0	2,175,880	$964,444	$19,812	$1,267,892	INCLUDED IN COST	103.505
NOVEMBER	VARIOUS	SYS SUPPLY	N/A	2,558,520	0	2,558,520	$1,391,494	$20,585	$1,628,409	INCLUDED IN COST	118.838
DECEMBER	VARIOUS	SYS SUPPLY	N/A	3,183,480	0	3,183,480	$1,962,374	$21,844	$1,663,603	INCLUDED IN COST	114.586
		TOTAL		33,474,190	0	33,474,190	$17,333,313	$252,619	$17,044,496		103.454

COMPANY:

FLORIDA PUBLIC UTILITIES COMPANY

SCHEDULE E-4

PURCHASED GAS ADJUSTMENT
CALCULATION OF TRUE-UP AMOUNT
ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2018 THROUGH DECEMBER 2018

		PRIOR PERIOD: JANUARY 2016 THROUGH DECEMBER 2016			CURRENT PERIOD: JANUARY 2017 THROUGH DECEMBER 2017	
		(1) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	(2) ACTUAL	(3) (2) - (1) DIFFERENCE	(4) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	(5) (3)+(4) COMBINED TOTAL TRUE-UP
1	TOTAL THERM SALES ($)	$56,022,081	$19,505,227	($36,516,854)	$28,922,680	($7,594,174)
2	TRUE-UP PROVISION FOR THE PERIOD OVER/(UNDER) COLLECTION ($)	$1,642,560	**$1,645,803**	$3,243	$673,060	$676,303
3	INTEREST PROVISION FOR THE PERIOD ($)	($200)	($41)	$159	$2,676	$2,835
4	END OF PERIOD TOTAL NET TRUE-UP ($)	$1,642,360	$1,645,762	$3,402	$675,736	$679,138

TOTAL TRUE-UP DOLLARS - OVER/(UNDER) RECOVERY	$679,138
PROJECTED THERM SALES FOR JANUARY 2018 - DECEMBER 2018	33,460,610
CENTS PER THERM NECESSARY TO REFUND OVERRECOVERY / (COLLECT UNDERRECOVERY)	**2.030**

Docket No. 20170003-GU

Exhibit No. __________
Michelle D Napier (MDN-2)
Projection Filings and Testimony

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT
THERM SALES AND CUSTOMER DATA
ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2018 THROUGH DECEMBER 2018

SCHEDULE E-5

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
PGA COST														
1	Commodity costs	$2,231,705	$1,954,306	$1,782,109	$1,484,644	$1,374,096	$1,139,080	$1,004,966	$993,458	$1,050,637	$964,444	$1,391,494	$1,962,374	$17,333,313
2	Transportation costs	$1,841,753	$1,737,913	$1,838,078	$1,784,900	$1,438,046	$1,301,652	$1,318,814	$1,318,612	$1,301,377	$1,421,724	$1,783,014	$1,819,471	$18,905,354
3	Hedging costs													
4	(financial settlement)													
5	Other	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,417	$15,413	$185,000
6	Total	$4,088,875	$3,707,636	$3,635,604	$3,284,961	$2,827,559	$2,456,149	$2,339,197	$2,327,487	$2,367,431	$2,401,585	$3,189,925	$3,797,258	$36,423,667
PGA THERM SALES														
7	Residential	1,632,776	1,665,912	1,503,527	1,261,467	1,035,086	886,670	848,413	807,417	836,818	892,111	1,048,993	1,305,227	13,724,417
8	Commercial	2,349,604	2,397,288	2,163,613	1,815,283	1,489,514	1,275,940	1,220,887	1,161,893	1,204,202	1,283,769	1,509,527	1,878,253	19,749,773
9	Total	3,982,380	4,063,200	3,667,140	3,076,750	2,524,600	2,162,610	2,069,300	1,969,310	2,041,020	2,175,880	2,558,520	3,183,480	33,474,190
PGA REVENUES														
10	Residential	1,615,170	1,458,861	1,429,328	1,285,565	1,098,030	945,752	897,802	893,001	909,377	923,381	1,246,600	1,495,607	14,198,474
11	Commercial	2,324,268	2,099,338	2,056,839	1,849,960	1,580,092	1,360,960	1,291,959	1,285,050	1,308,617	1,328,767	1,793,888	2,152,214	20,431,952
12	Total	3,939,438	3,558,199	3,486,167	3,135,525	2,678,122	2,306,712	2,189,761	2,178,051	2,217,994	2,252,148	3,040,488	3,647,821	34,630,426
NUMBER OF PGA CUSTOMERS														
13	Residential	54,307	54,411	54,642	54,786	54,729	54,757	54,829	54,891	54,938	54,983	55,197	55,340	657,810
14	Commercial	4,144	4,141	4,139	4,124	4,099	4,074	4,084	4,068	4,056	4,046	4,062	4,071	49,108
50	Total	58,451	58,552	58,781	58,910	58,828	58,831	58,913	58,959	58,994	59,029	59,259	59,411	706,918