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February 1, 2019

E-PORTAL FILING

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

[New Filing] - In re: Petition of Florida Public Utilities Company and Florida Public Utilities Company-Fort Meade for Approval of Revised Transportation Imbalance Tariffs.

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company and Florida Public Utilities Company-Fort Meade's Petition for Approval of Revised Transportation Imbalance Tariffs.

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

Kind regards,

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

MEK

Cc:// (Office of Public Counsel)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Public Utilities Company, and the Florida Public Utilities Company-Fort Meade Division for Approval of Revised Transportation Imbalance Tariffs	DOCKET NO. FILED: February 1, 2019

PETITION FOR AUTHORITY FOR APPROVAL OF REVISED TRANSPORTATION IMBALANCE TARIFFS

The Florida Public Utilities Company ("FPUC") and Florida Public Utilities Company-Fort Meade Division ("Fort Meade")(jointly herein "Companies") by and through undersigned counsel, pursuant to Section 366.06, Florida Statutes, and in accordance with Rules 25-9.005, Florida Administrative Code, and 28-106.201, Florida Administrative Code, hereby respectfully petition the Florida Public Service Commission ("FPSC" or "Commission") for approval of revised tariffs related to the Companies' methodology regarding transportation imbalance.

In support of this request, the Companies hereby state:

1) FPUC and Fort Meade are natural gas utilities subject to the Commission's jurisdiction. Their principal business address is:

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 South Monroe Street, Suite 601
Tallahassee, FL 32301-1839
bkeating@gunster.com
(850) 521-1706

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) FPUC and Fort Meade are natural gas distribution companies subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes.

4) The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.05, and 366.06, Florida Statutes, pursuant to which the Commission is authorized to establish rates and charges for public utilities, including the relief requested herein.

5) The Companies are unaware of any material facts in dispute at this time, but the proceeding may involve disputed issues of material fact. The Companies' request set forth herein does not involve reversal or modification of a Commission decision or proposed agency action. This is a Petition representing an initial request to the Commission, which is the affected agency located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

I. BACKGROUND

6) FPUC and Fort Meade fulfill the function of traditional Local Distribution Companies ("LDCs") in that they maintain their role as gas provider for many customers on their systems. While they have implemented transportation tariffs, consistent with Rule 25-7.054, Florida Administrative Code, neither has exited the gas merchant function. Consequently, these two companies utilize the Purchased Gas Adjustment ("PGA") cost recovery mechanism to recover the costs associated with their performance of the gas merchant function.

7) The Florida Division of Chesapeake Utilities Corporation ("CFG") is the sister business unit of FPUC and Fort Meade and also operates in Florida as a natural gas utility

regulated by the Commission pursuant to Chapter 366, Florida Statutes. The CFG system is, however, fully unbundled, which means that CFG no longer performs the function of acquiring the gas commodity for customers, but instead provides gas transportation service only. By Order PSC-02-1646-TRF-GU, issued November 25, 2002, the Commission authorized CFG to implement the initial step of its unbundling proposal, allowing CFG to exit the gas merchant function. All CFG customers receive transportation service. Specifically, residential and small commercial customers receive transportation service through Pool Managers. CFG's capacity cost allocation and recovery process have nevertheless functioned very similar to FPUC's.

8) The fourth sister business unit in Florida, Florida Public Utilities–Indiantown Division ("Indiantown"), is also fully unbundled. By Order PSC-02-1655-TRF-GU, issued November 26, 2002, the Commission authorized Indiantown to implement the initial step of its unbundling proposal, allowing Indiantown to exit the gas merchant function. All Indiantown customers receive transportation service through a single Pool Manager.

II. CALCULATION OF IMBALANCES

9) Each of the business units utilizes a methodology to calculate imbalances in the amount of gas capacity requested by a Pool Manager or Shipper and the amount actually utilized by that same Pool Manager or Shipper. A negative or ("Short") imbalance quantity means that the consumption of gas by the customer pool exceeded what was delivered during the month. Conversely, a positive or ("long") imbalance quantity means that the deliveries of gas exceeded the consumption of gas by the customer pool during

the month. On FPUC's system, the Pool Manager is required to determine a Daily Delivery Quantity ("DDQ") for each of their customers. The DDQ is the daily amount of natural gas elected by the Pool Manager, to be delivered to their customer accounts. The DDQ is the basis upon which the Companies release capacity each month. The capacity release quantity is congruent to the quantity of gas the Pool Manager is expected to deliver on a daily basis for their customer pool. The Gas is delivered at a constant level every day during the month even though customer usage varies. As a result, the level of gas delivered daily differs from the quantity actually consumed by the customer pools. The difference between the quantities delivered by the Pool Managers and the gas quantities actually burned by the customer pools creates an imbalance; i.e. the Pool Manager is "short" when customers use more and "long" when they use less. On CFG's system, each Shipper submits scheduling and nomination information to the Company on a daily basis. At the end of each month, each Shipper's imbalance level is calculated by aggregating their customer usage in the pool and comparing it to that Shipper's daily nominations for the month. The result of this calculation reflects whether the imbalance is long, or short. Once the Shipper's imbalance level has been calculated, the amount of the long or short imbalance is multiplied by the applicable tier percentage as defined in the Company's tariff.

10) For FPUC and Fort Meade, once the Pool Managers' imbalance levels have been calculated, the amount of the long or short imbalance is multiplied by the applicable tier percentage as defined in each Company's tariff. A simple illustration of this calculation for FPUC and Fort Meade is also included in Attachment A.

11) For FPUC and Fort Meade, this product, both long and short, is then multiplied by the Companies' unit price, the published monthly PGA rate, which is not indicative of the natural gas prices in the market. The unit price is typically higher than the cash prices reflected in the market on a given month due to administrative and capacity costs that are included in the Companies' PGA rates.

12) Like FPUC and Fort Meade, once the imbalance is determined, the amount is multiplied by the applicable tier percentage in CFG's tariff. The amounts in CFG's tariff are, however, different than those for FPUC and Fort Meade, as reflected in Attachment B. For CFG, if the Shipper ends in a negative or short position, the Company sells, to the Shipper, the amount of gas needed at a calculated price per therm. This price is calculated by taking the sum of the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "FGT, zone 1", "FGT, zone 2" or "FGT zone 3", as reported in Platt's Gas Daily and the highest Transportation Service Provider ("TSP") 100% load factor rate plus fuel, usage and applicable surcharges. If the Shipper ends in a positive or long position then the Company purchases, from the Shipper, the excess amount of gas at a calculated price per therm. This price is calculated by taking the lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas under the "Midpoint" column for "FGT, zone 1", FGT, zone 2" or "FGT zone 3", as reported in Platt's Gas Daily.

13) For FPUC and Fort Meade, if the Pool Manager ends in a long position, the Companies purchase the excess gas delivered to the Pool Manager, whereas if the Pool Manager ends in a short position, the Companies then sell, to the Pool Manager, the

excess amount of gas. The resulting charges and/or credits associated with these transactions, both long and short, are then included in the Companies' monthly PGA calculation.

III. ISSUES

14) There are two key issues related to FPUC and Fort Meade's methodology that differ from CFG. The first issue arises from the dollar amount the Companies use to settle with the upstream pipeline versus the amount each Company settles with each Pool Manager. Similar to CFG's tariff, the upstream interstate pipeline's "cash out" rates are typically based on an index price, New York Mercantile Exchange ("NYMEX"), which is historically less than the Company's PGA. Since FPUC and Fort Meade's tariff use the PGA rate, the price difference creates an arbitrage opportunity for Pool Managers on FPUC's and Fort Meade's systems, because the Pool Managers are also buying capacity at the lower index price. When a Pool Manager over-schedules capacity, the Pool Manager then has an opportunity to sell that excess (long) quantity back to the Companies at the higher PGA rate. The Companies have noticed a trend over the last three years (August 2015 through August 2018), whereby payments to the shippers for settlements have increased by approximately 164%. These long positions are an indication that the Companies' tariffs are incenting some Pool Managers to intentionally leave their Pools in a long position to take advantage of the arbitrage opportunity inadvertently created by the Company's favorable cash out rate. For purposes of demonstration, the Companies have included an example of how this arbitrage occurs in Attachment C.

15) The second issue that has come to light is associated with the payout tiers in the FPUC and Fort Meade tariffs. The tiers in the FPUC and Fort Meade tariffs are very broad. For example, the first tier is from 0% - 20%, which pays shippers for a long position at 100% of the PGA price. The next tariffed tier, 20% to 40%, provides for payment of a long position at 90% of the PGA rate. The impact of these broad tier ranges in the FPUC and Fort Meade tariffs is that, if a shipper schedules from 0% to 20% more than what is used, FPUC and Fort Meade must pay the full PGA price. In contrast, CFG's tariff only provides a 100% payout for long positions from 0% to 5%. Since CFG's payout rate is an index price and therefore more indicative of the market, this substantially mitigates the arbitrage opportunity for shippers on the CFG system.

IV. REQUEST FOR RELIEF

16) The Companies request approval to make modifications to the Pool Manager imbalance cash out tiers and the associated cash out rates to remedy this issue. To complete this, the Companies request approval to update the imbalance process, tiers, and rates for FPUC and Fort Meade to be consistent with CFG. This change will facilitate consistency across the Florida business units and will also eliminate the unintentional arbitrage opportunity created by FPUC and Fort Meade's cash out rates. Approval of these tariff changes should also benefit FPUC and FPUC-Fort Meade customers by reducing the upward pressure on the Companies' PGA rates caused by excessive over-scheduling by Pool Managers. Attached and incorporated herein by

reference are the appropriate revised tariff pages, included as Attachment D, for the Commission's consideration.

RESPECTFULLY SUBMITTED this 1st day of February, 2019.

Beth Keating
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Tallahassee, FL 32301
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Attorneys for Florida Public Utilities Company (Gas Division) and Florida Public Utilities Company-Fort Meade

ATTACHMENT A -FPU AND FT. MEADE

Florida Public Utilities Company and FPUC Ft. Meade Divison					
		Tiers		Index	
Imbalance Settlement	Imbalance Levels	Under Deliveries	Over Deliveries	Short	Long
Florida Public Utilities and FPUC Ft. Meade Division	0% - 20%	1.00	1.00	Company's Purchased Gas Cost Recovery Factor	Company's Purchased Gas Cost Recovery Factor
	20% - 40%	1.10	0.90		
	40% - 60%	1.20	0.80		
	60% - 80%	1.30	0.70		
	> 80%	1.40	0.60		

Sample Imbalance Calculation - FPUC & Ft. Meade			
Short		Long	
Scheduled Qty (A): in therms	100,000	Scheduled Qty (A): in therms	150,000
Measured Qty (B): in therms	110,000	Measured Qty (B): in therms	115,000
Imbalance (C): in therms	(10,000)	Imbalance (C): in therms	35,000
Imbalance Percentage (D	-10.00%	Imbalance Percentage (D	23.33%
Tier Percentage (E):	1.00	Tier Percentage (E):	0.90
Monthly PGA Rate (F): per therm	$0.75	Monthly PGA Rate (F): per therm	$0.75
Cash Out Amt (G): C x E x F	($7,500.00)	Cash Out Amt (G): C x E x F	$23,625.00

The rates and imbalance quantities used in the above sample calculation are for illustration purposes only and do not reflect actual rates and quantities for the Company or its customers.

ATTACHMENT B-CFG METHODOLOGY

Florida Division of Chesapeake Utilities Corporation					
		Tiers		Index	
Imbalance Settlement	Imbalance Levels	Under Deliveries	Over Deliveries	Short	Long
Central Florida Gas	0% - 5%	1.00	1.00	The sum of the (i) the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "FGT, zone 1", "FGT, zone 2" or "FGT zone 3", as reported in Platt's Gas Daily and (ii) the highest TSP 100% load factor rate plus fuel, usage and applicable sucharges.	The lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas under the "Midpoint" column for "FGT, zone 1", FGT, zone 2" or "FGT zone 3", as reported in Platt's Gas Daily.
	> 5% - 20%	1.10	0.90		
	> 20%	1.20	0.80		

Sample Imbalance Calculation - CFG			
Short		Long	
Scheduled Qty (A): in therms	100,000	**Scheduled Qty (A): in therms**	150,000
Measured Qty (B): in therms	110,000	**Measured Qty (B): in therms**	115,000
Imbalance (C): in therms	(10,000)	**Imbalance (C): in therms**	35,000
Imbalance Percentage (D):	-10.00%	**Imbalance Percentage (D):**	23.33%
Tier Percentage (E):	1.10	**Tier Percentage (E):**	0.80
Cash Out Rate (F): per therm	$0.36	**Cash Out Rate (F): per therm**	$0.28
Cash Out Amt (G): C x E x F	($3,960.00)	**Cash Out Amt (G): C x E x F**	$7,840.00

The rates and imbalance quantities used in the above sample calculation are for illustration purposes only and do not reflect actual rates and quantities for the Company or its customers.

ATTACHMENT C

		FPUC Purchase Price from Supplier (B) per therm	FPU Purchase Cost (A x B)	FPUC Cash Out Rate (C) per therm	FPUC Cash Out to Pool Manager (A x C)
Imbalance Qty (A): in therms	20,000	$0.36	$7,200.00	$0.75	$15,000.00

The rates and imbalance quantities used in the above sample calculation are for illustration purposes only and do not reflect actual rates and quantities for the Company or its customers.

ATTACHMENT D

Revised Tariff Sheets – Clean/Legislative

FPUC: Fourth Revised Sheet No. 35.2
Twenty-first Revised Sheet No. 35.3

FPUC-Fort Meade: First Revised Sheet No 61
Original Sheet No. 61.1

BILLING ADJUSTMENTS

In addition, Company will credit Pool Manager for the variance between Pool Manager's Daily Delivery Requirement and the sum of the Daily Delivery Quantity for each Customer being served by Pool Manager. This variance will be referred to as Pool Manager Monthly Delivery Variance. Company shall retain all gas supplies resulting from a Pool Manager Monthly Delivery Variance and credit Pool Manager in accordance with the Imbalance Billing Adjustments – Pool Manager section of this tariff.

Imbalance Billing Adjustments – Rate Schedule PM

The following language details the methodology of calculating billing adjustments for Pool Manager Imbalances. All prices will be adjusted to reflect dollars per therm and will be rounded to five decimal places ($0.00000).

A. Pool Manager Short Imbalance and Pool Manager Long Imbalance

Invoices to Pool Manager for Pool Manager Short Imbalances and Pool Manager Long Imbalances will be computed using the following methodology.

(1) Pool Manager Short Imbalance

If the Pool Manager Imbalance Level is short, the Company shall sell to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the negative Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

and (ii) the Gulfstream Natural Gas System capacity rate per Therm for 6% maximum hourly flow tariff rate (as it may change from time to time) plus the FGT FTS-1 usage rate per therm (inclusive of all applicable surcharges).

The total amount due Company shall be the product of the Unit Price and the short monthly imbalance.

(2) Pool Manager Long Imbalance

If the Pool Manager Imbalance Level is long, the Company shall purchase to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the positive Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth on the following page:

(Continued to Sheet No. 35.3)

BILLING ADJUSTMENTS

In addition, Company will credit Pool Manager for the variance between Pool Manager's Daily Delivery Requirement and the sum of the Daily Delivery Quantity for each Customer being served by Pool Manager. This variance will be referred to as Pool Manager Monthly Delivery Variance. Company shall retain all gas supplies resulting from a Pool Manager Monthly Delivery Variance and credit Pool Manager in accordance with the Imbalance Billing Adjustments – Pool Manager section of this tariff.

Imbalance Billing Adjustments – Rate Schedule PM

The following language details the methodology of calculating billing adjustments for Pool Manager Imbalances. All prices will be adjusted to reflect dollars per therm and will be rounded to five decimal places ($0.00000).

A. Pool Manager Short Imbalance and Pool Manager Long Imbalance

Invoices to Pool Manager for Pool Manager Short Imbalances and Pool Manager Long Imbalances will be computed using the following methodology. ~~Invoices will be based on the Company's Purchased Gas Cost Recovery Factor ("PGCRF") in effect during the month the imbalance was created multiplied by the applicable factor as follows:~~

~~Pool Manager Imbalance Level~~		~~Short Factor~~	~~Long Factor~~
~~Lower~~	~~Upper~~		
~~0%~~	~~20%~~	~~1.00~~	~~1.00~~
~~20%~~	~~40%~~	~~1.10~~	~~0.90~~
~~40%~~	~~60%~~	~~1.20~~	~~0.80~~
~~60%~~	~~80%~~	~~1.30~~	~~0.70~~
~~Greater than 80%~~		~~1.40~~	~~0.60~~

~~The Pool Manager Imbalance Level shall be calculated by dividing the absolute value of the Pool Manager Imbalance by the aggregate Billing Period Delivery Quantity for all Customers being served by Pool Manager.~~

~~B. Pool Manager Monthly Delivery Variance~~

~~Invoices to Pool Manager for Pool Manager Monthly Delivery Variance will be computed using the following methodology. Invoices will be based on the Company's PGCRF in effect during the month the delivery variance was created.~~

~~(Continued to Sheet No. 35.3)~~

(1) Pool Manager Short Imbalance

If the Pool Manager Imbalance Level is short, the Company shall sell to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the negative Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

and (ii) the Gulfstream Natural Gas System capacity rate per Therm for 6% maximum hourly flow tariff rate (as it may change from time to time) plus the FGT FTS-1 usage rate per therm (inclusive of all applicable surcharges).

The total amount due Company shall be the product of the Unit Price and the short monthly imbalance.

(2) Pool Manager Long Imbalance

If the Pool Manager Imbalance Level is long, the Company shall purchase to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the positive Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth below:

(Continued to Sheet No. 35.3)

BILLING ADJUSTMENTS

(Continued from Sheet No. 35.2)

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Pool Manager shall be the product of the Unit Price and the long monthly imbalance.

Energy Conservation Cost Recovery Adjustment Clause

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

Except as otherwise provided herein, each rate schedule shall be increased or decreased to the nearest $0.00001 multiplied by the tax factor of 1.00503 for each Therm of consumption or transportation to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's Energy Conservation Plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, FAC.

The cost recovery factors for the period from the first billing cycle for January 2019 through the last billing cycle for December 2019 are as follows:

Rate Class	**Recovery Factor**	
Rate Schedule RS	7.369	cents per therm
Rate Schedule RS-GS	7.369	cents per therm
Rate Schedule GS-1	4.462	cents per therm
Rate Schedule GS-2	3.451	cents per therm
Rate Schedule CS-GS	4.462	cents per therm
Rate Schedule GSTS-1	4.462	cents per therm
Rate Schedule GSTS-2	3.451	cents per therm
Rate Schedule LVS	2.874	cents per therm
Rate Schedule LVTS	2.874	cents per therm
Rate Schedule NGV	1.252	cents per therm
Rate Schedule NGVTS	1.252	cents per therm

(Continued to Sheet No. 35.4)

BILLING ADJUSTMENTS

(Continued from Sheet No. 35.2)

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Pool Manager shall be the product of the Unit Price and the long monthly imbalance.

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Energy Conservation Cost Recovery Adjustment Clause

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

Except as otherwise provided herein, each rate schedule shall be increased or decreased to the nearest $0.00001 multiplied by the tax factor of 1.00503 for each Therm of consumption or transportation to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's Energy Conservation Plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, FAC.

The cost recovery factors for the period from the first billing cycle for January 2019 through the last billing cycle for December 2019 are as follows:

Rate Class	**Recovery Factor**	
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Rate Schedule GSTS-1	4.462	cents per therm
Rate Schedule GSTS-2	3.451	cents per therm
Rate Schedule LVS	2.874	cents per therm
Rate Schedule LVTS	2.874	cents per therm
Rate Schedule NGV	1.252	cents per therm
Rate Schedule NGVTS	1.252	cents per therm

(Continued to Sheet No. 35.4)

BILLING ADJUSTMENTS

(Continued from Sheet No. 60)

In addition, Company will credit Pool Manager for the variance between Pool Manager's Daily Delivery Requirement and the sum of the Daily Delivery Quantity for each Customer being served by Pool Manager. This variance will be referred to as Pool Manager Monthly Delivery Variance. Company shall retain all gas supplies resulting from a Pool Manager Monthly Delivery Variance and credit Pool Manager in accordance with the Imbalance Billing Adjustments – Pool Manager section of this tariff.

Imbalance Billing Adjustments – Rate Schedule PM

The following language details the methodology of calculating billing adjustments for Pool Manager Imbalances. All prices will be adjusted to reflect dollars per therm and will be rounded to five decimal places ($0.00000).

A. Pool Manager Short Imbalance and Pool Manager Long Imbalance

Invoices to Pool Manager for Pool Manager Short Imbalances and Pool Manager Long Imbalances will be computed using the following methodology.

(1) Pool Manager Short Imbalance

If the Pool Manager Imbalance Level is short, the Company shall sell to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the negative Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

and (ii) the Gulfstream Natural Gas System capacity rate per Therm for 6% maximum hourly flow tariff rate (as it may change from time to time) plus the FGT FTS-1 usage rate per therm (inclusive of all applicable surcharges).

The total amount due Company shall be the product of the Unit Price and the short monthly imbalance.

(Continued on Sheet No. 61.1)

BILLING ADJUSTMENTS

(Continued from Sheet No. 60)

In addition, Company will credit Pool Manager for the variance between Pool Manager's Daily Delivery Requirement and the sum of the Daily Delivery Quantity for each Customer being served by Pool Manager. This variance will be referred to as Pool Manager Monthly Delivery Variance. Company shall retain all gas supplies resulting from a Pool Manager Monthly Delivery Variance and credit Pool Manager in accordance with the Imbalance Billing Adjustments – Pool Manager section of this tariff.

Imbalance Billing Adjustments – Rate Schedule PM

The following language details the methodology of calculating billing adjustments for Pool Manager Imbalances. All prices will be adjusted to reflect dollars per therm and will be rounded to five decimal places ($0.00000).

A. Pool Manager Short Imbalance and Pool Manager Long Imbalance

Invoices to Pool Manager for Pool Manager Short Imbalances and Pool Manager Long Imbalances will be computed using the following methodology. ~~Invoices will be based on the Company's Purchased Gas Cost Recovery Factor ("PGCRF") in effect during the month the imbalance was created multiplied by the applicable factor as follows:~~

~~Pool Manager Imbalance Level~~		~~Short Factor~~	~~Long Factor~~
~~Lower~~	~~Upper~~		
~~0%~~	~~20%~~	~~1.00~~	~~1.00~~
~~20%~~	~~40%~~	~~1.10~~	~~0.90~~
~~40%~~	~~60%~~	~~1.20~~	~~0.80~~
~~60%~~	~~80%~~	~~1.30~~	~~0.70~~
~~Greater than 80%~~		~~1.40~~	~~0.60~~

~~The Pool Manager Imbalance Level shall be calculated by dividing the absolute value of the Pool Manager Imbalance by the aggregate Billing Period Delivery Quantity for all Customers being served by Pool Manager.~~

~~B. Pool Manager Monthly Delivery Variance~~

~~Invoices to Pool Manager for Pool Manager Monthly Delivery Variance will be computed using the following methodology. Invoices will be based on the Company's PGCRF in effect during the month the delivery variance was created.~~

(1) Pool Manager Short Imbalance

If the Pool Manager Imbalance Level is short, the Company shall sell to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida

~~Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the negative~~ Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

and (ii) the Gulfstream Natural Gas System capacity rate per Therm for 6% maximum hourly flow tariff rate (as it may change from time to time) plus the FGT FTS-1 usage rate per therm (inclusive of all applicable surcharges).

The total amount due Company shall be the product of the Unit Price and the short monthly imbalance.

(Continued to Sheet No.
6~~2~~1.1)

BILLING ADJUSTMENTS

(Continued from Sheet No. 61)

(2) Pool Manager Long Imbalance

If the Pool Manager Imbalance Level is long, the Company shall purchase to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the positive Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Pool Manager shall be the product of the Unit Price and the long monthly imbalance.

(Continued to Sheet No. 62)

BILLING ADJUSTMENTS

(Continued from Sheet No. 61)

(2) Pool Manager Long Imbalance

If the Pool Manager Imbalance Level is long, the Company shall purchase to Pool Manager such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the positive Pool Manager Imbalance Level quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Pool Manager shall be the product of the Unit Price and the long monthly imbalance.

(Continued to Sheet No. 62)