**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**PREPARED DIRECT TESTIMONY**

**OF**

**THOMAS E. SMITH**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Thomas E. Smith. My business address is NUI Corporation, 550 Route 202-206, Bedminster, New Jersey 07921.

**Q. BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY.**

A. I am currently employed as Director of Energy Planning for NUI Corporation which includes the Florida operating division, NUI City Gas of Florida(City Gas).

**Q. PLEASE DESCRIBE YOUR PRIOR UTILITY RELATED EXPERIENCE.**

A. During my term of employment at NUI, I have attended the Institute of Gas Technology courses on Gas Distribution Engineering and Economics for Managers, the American Gas Association's (AGA) Rate Fundamentals course, the Center for Professional Advancement's course on Rate Setting in Public Utilities and numerous conferences, seminars, and symposiums on matters relating to my job function. Currently, I am a member of the American Society of Mechanical Engineers and from 1979 to 1988 I was a member of the AGA Rate Committee. I am also a contributing editor to the 4th Edition of the Gas Rates Fundamentals book sponsored and prepared by the AGA Rate Committee and published by

AGA. I have been an instructor on Cost of Service at the AGA Gas Rates Fundamentals course at Madison, Wisconsin.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

A. I am a licensed Professional Engineer in the State of New Jersey. I received a Bachelor of Science degree in Mechanical Engineering from Newark College of Engineering in 1970. In 1976, I received a Master of Science degree in Mechanical Engineering from the New Jersey Institute of Technology, formerly Newark College of Engineering.

**Q. MR. SMITH, WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to present the revised estimate of the Company's projection of gas costs for the period September 2000 through December 2000 and the Company's projection of gas costs for the period January 2001 through December 2001. In addition I will present the development of the maximum rate to be charged to customers for the period January 2001 through December 2001.

**Q. HAS THE COMPANY PREPARED THE FORMS AS PRESCRIBED BY THE COMMISSION FOR THIS PURPOSE?**

A. Yes. The forms prescribed by the Commission are being filed at this time. Copies are attached to my testimony.

**Q. CAN YOU EXPLAIN THE PROJECTION METHODOLOGY?**

A. Yes. Under this methodology, which was adopted by Order No. PSC-93-0708-FOF-GU of this Commission on May 10, 1993 and modified in Docket No. 980269-PU on June 10, 1998 gas companies are to project their gas costs each twelve months for the ensuing twelve month period ending in December. A per therm rate is developed for the weighted average cost of gas (WACOG). This rate, based on the average of the winter and summer seasons, would lead to over or under-recoveries of gas costs in the two seasons. This problem is mitigated by establishing a maximum levelized purchased gas factor based on the Company's expected winter cost of gas, thereby eliminating a large under-recovery in that season. The Company is then able to flex downward in the summer in order to match market conditions and eliminate the potential for a large over-recovery for the remainder of the period.

**Q. PLEASE EXPLAIN WHY GAS COMMODITY PRICES ARE FORECAST TO INCREASE SO DRAMATICALLY.**

**A.** The balance between gas supply and gas demand has become very tight as a result of less drilling activity on the supply side brought about by historically low gas prices and robust demand for gas from a very strong economy and the growing use of gas powered electric generation. In this environment, gas prices rise to a level that will reduce demand to match available supply and to stimulate additional drilling activity. As additional gas supplies are brought into the market the upward push on gas commodity prices should weaken; however, there is a time lag involved. While gas drilling activity has increased, it is not expected that its impact will be evident until well into the year 2001. However, other factors, such as demand changes from weather, storage balances, hurricanes, oil price changes and electric demand can influence the short term balance of supply and demand of gas and cause price volatility.

The increase in gas commodity prices did not just suddenly appear. Prices have been increasing over the past year. However, the largest increases have occurred over the last several months, as the squeeze on available gas supply to meet the needs to replenish gas storage or serve growing electric generation demand began to materialize. Attached as schedule TES – 1 is an article published by the AGA which provides an accurate overview of the current state of natural gas prices and the factors that have influenced them.

The NYMEX is the United States Gas Industry indicator of future gas prices and the benchmark used in establishing gas purchase prices under virtually all contracts. Attached, as schedule TES –2 is a graph that presents the actual monthly NYMEX close price for the period January 2000 through September 2000 and the NYMEX future months prices for the period October 2000 through December 2001 based on the three day average for NYMEX trading close prices for September 20th, 21st and 22nd. These future months NYMEX prices are the basis for the forecast commodity prices presented in this filing.

**Q. WHAT IF THE ACTUAL COST EXCEEDS THE MAXIMUM RATE AS PROJECTED?**

A. If re-projected gas costs for the remaining period exceed projected recoveries by at least 10% for the twelve month period, a mid-course correction may formally be requested by the Company.

**Q. WHAT HAPPENS TO THE DIFFERENCES THAT RESULT FROM MISESTIMATES, THAT IS, THE MISMATCHES BETWEEN ESTIMATED AND ACTUAL COSTS?**

A. The forms take this into consideration. Form E-2 calculates the projected differences using estimated figures, and form E-4 calculates the final true-up using actual figures. These differences are flowed back to customers through the true-up factor included in gas costs billed in the subsequent twelve month period.

**Q. ARE ANY FLORIDA GAS TRANSMSSION (FGT) RATE CHANGES PROPOSED WHICH ARE REFLECTED IN THIS FILING?**

A. No.

**Q. DOES THE COMPANY ANTICIPATE ANY CHANGES TO THE CAPACITY PORTFOLIO IN THE COMING YEAR?**

A. Yes. NUI's FTS-1 contract with FGT was scheduled to expire August 1, 2000. Under the Contract renewal terms, the Company has elected to reduce the level of contracted service under FTS-1. The modified FTS-1 contract has a reduction of 5.895 dth per day in the period May through September, 6,669 dth per day reduction in October, 11,107 dth per day reduction in the period November through March and 5,899 dth per day reduction in April. The Company also has an agreement in place with FGT to turn back a portion of its FTS-2 capacity to be used by FGT in an expansion project. It is anticipated that a reduction of 9,000 dth per day for the period November through April and a reduction of 5,000 dth per day for the period of May through October will commence in May 2001.

**Q. WHAT IS THE MONETARY IMPACT OF THIS CAPACITY REDUCTION ON THE PGA?**

A. The savings from the reduction in the FTS-1 contract will be approximately $1.1 million annually . The savings for the period August 2000 through December 2000 will be $466,821. The savings from the reduction in the FTS-2 contract will be approximately $2 million annually. During the projected period January 2001 through December 2001 the FTS-2 contract reduction will generate a savings of $1.1 million.

**Q. CAN YOU SUMMARIZE THE CONTENTS OF THE SCHEDULES SUBMITTED AS PART OF THIS FILING?**

A. Yes. For the projected period, January 2001 through December 2001, we estimate the gas purchases for resale will be 51,525,916 therms at a total cost of $34,156,435, with a resulting WACOG of 66.290 cents per therm (before the application of the true-up factor and the regulatory assessment fee). The difference between the estimated actual and actual true-up for the prior period, January 1999 through December 1999, is an over-recovery of $705,430. The projected true-up for the current period, January 2000 through December 2000 is an under-recovery of $4,513,148. The total true-up as shown on

Schedule E-4 is an under-recovery of $3,807,718 for a true-up factor of 7.364 cents per therm that would be applied during the projected period. This true-up factor increases the gas cost factor during the January 2001 through December 2001 period to 73.654 cents per therm (before the regulatory assessment fee). With the regulatory assessment fee added, the PGA factor is 74.024 cents per therm based on the average of the winter and summer seasons. City Gas, however, has chosen to establish a maximum levelized purchased gas factor based on the Company's expected winter cost of gas as follows:

| | Winter Average |
|---|---|
| Total Cost (Line 11) | $19,862,823 |
| Total Therm Sales (Line 27) | 27,845,006 |
| (Line 11/ Line 27) | $0.71334 |
| True-up | $0.07364 |
| Before Regulatory Assessment | $0.78698 |
| Revenue Tax Factor | 1.00503 |
| Purchased Gas Factor | $0.79093 |

As shown above, the maximum levelized purchased gas factor based on the Company's expected winter cost of gas is 78.698 cents per therm before the regulatory assessment fee. This is the maximum gas cost factor that City Gas may charge its customers for the period January 2001 through December 2001.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes, it does.

American Gas Association

# Policy Analysis Issues

IB 2000-04 June 30, 2000

## THE POTENTIAL IMPACT OF HIGHER NATURAL GAS PRICES ON RESIDENTIAL CUSTOMERS

### Introduction

During the first part of 2000, the price of natural gas in the spot and futures markets has increased significantly. Because many gas suppliers are currently purchasing some gas for consumption this winter, it is likely that most consumers will pay significantly more for each unit of natural gas this winter than they did last winter.

A number of factors influence the price of gas in the marketplace:

- **Natural Gas Production** -- Low wellhead prices in 1998 and into 1999 contributed to a decline in the number of working rigs drilling for natural gas. The situation has reversed and rig counts are now well above the levels of the same period last year. However, due to the historic time lag between increased drilling activity and a price response, it is unlikely that this increased drilling will have a significant impact on consumer bills this winter.

- **Natural Gas Underground Storage** -- Natural gas storage levels have been significantly lower this year than at the same time last year but only somewhat lower than the average for the past five years. All indications are that they will be up to targeted volumes by the onset of the winter.

- **Natural Gas Imports** -- Natural gas imports from Canada have grown well over 100 percent in the last decade, currently accounting for about 13 percent of U.S. gas consumption. Canadian imports are expected to continue to grow incrementally with U.S. demand growth.

- **Natural Gas Demand** -- During the last decade demand for natural gas has increased in all sectors at an average rate of 2.8 percent per year. Forty percent of the natural gas consumed in the U.S. is used by factories and other industrial customers (including cogenerators), so the ongoing economic growth continues to push natural gas demand. Gas-fired electricity generation from electric utility plants and IPP's is a smaller (approximately 15 percent) but faster growing component of gas demand. Data is not yet available to quantify the magnitude of the impact of the electricity generation market on current natural gas demand. Relatively high oil prices have kept many factories and electricity generators from switching from natural gas to fuel oil.

**Impact of Higher Gas Prices on Consumer Bills**

In understanding the possible impact of these current natural gas prices, it is important to keep the following in mind: weather is a key variable affecting residential gas bills during the winter heating season. Thus, a return to normal weather (from the mild levels of the winter of 1999-2000) -- even if natural gas prices were unchanged from their relatively low levels last year -- would increase consumers' heating bills. Consumers should expect significantly higher natural gas bills if the present increase in gas commodity prices combines with higher gas consumption due to colder (but normal) weather.

Almost all local natural gas utilities do not add any profit margin to the price they pay for each unit of natural gas. Their customers normally do not pay any more for gas than the utilities do. On average, the cost of gas makes up about one-third to one-half of a residential customer's bill. Therefore, an increase in the cost of the gas itself produces a lower overall percentage increase in the customer's total bill. The remainder of the customer's bill for service includes amounts for the transmission and distribution of gas, system maintenance, safety and inspection programs, customer service, metering, billing and other costs. It should be noted that state public service commissions regulate the prices that local natural gas utilities charge.

- In many states purchased gas costs for gas utilities are averaged over a season or even a year and passed on to consumers as an average cost of gas. This does not mean that the purchase price for a gas utility's gas supplies cannot increase unexpectedly. What it does mean is that a particular spike in gas prices for a day or week or even months may be mitigated by the averaging of costs over the year.

- Consumers should not attempt to estimate their monthly natural gas bills based on fluctuations in the daily "spot" prices of natural gas. Daily spot prices are not indicative of average gas costs to consumers because only a portion of all gas supplies (particularly during seasonal peaks) is purchased in the daily market. The majority of supplies are purchased under monthly, multi-month or even multi-year contracts. Some prices in these agreements are tied to various indices, while others are fixed.

- Gas utilities use a portfolio approach for winter heating season and other gas purchases. Many companies employ a pricing strategy that includes a *basket of indices* from first-of-the-month to multi-month fixed price schedules. During the 1999-2000 winter heating season peak-day, companies in AGA's annual Winter Heating Season Survey indicated that over 90 percent of their gas purchases were made in a form other than daily spot purchases and were, therefore, not subjected directly to daily spot price volatility.

Source: *Monthly Energy Review*, Energy Information Administration, U.S. Department of Energy.

**Natural Gas Production**

- Almost all (87 percent) of the natural gas used in the United States is produced in the United States. Most of the remainder (about 13 percent) comes from Canada. Natural gas production in the U.S. grew 9 percent from 1990 to year-end 1998 (17.2 Tcf annually in 1990 to 18.7 Tcf in 1998). Imports of natural gas to the U.S. from Canada grew 111% percent during the same time period, from 1.4 Tcf in 1990 to 3.1 Tcf in 1998.

- According to the Department of Energy's Energy Information Administration (EIA) the last year-to-year U.S. production increase came in 1997 (0.3 percent greater than 1996). Natural gas production in 1998 was down 1.1 percent, and 1999 down 0.3 percent. However, year-to-date estimates through May 2000 (*Natural Gas Monthly*, May 2000) showed domestic gas production to be 0.7 percent greater than January-May 1999 production.

- According to EIA, average wellhead prices were below $2.00 per Mcf (thousand cubic feet) for nine straight months, August 1998-April 1999. As a result, by April 1999 most production indicators were very low -- that is, rigs drilling for gas were down to 371 monthly average, while gas well completions were only 656 for the month. Beginning May 1999, prices climbed above $2.00 per Mcf and have been there since. In response to the wellhead price increase, natural gas exploration and production have improved dramatically. (See Figure 2 - Gas Directed Drilling Activity and Crude Oil and Gas Prices.) By October 1999 (after about five months of gas prices above $2.00), more than 600 rigs were drilling for natural gas -- a more than a 60 percent increase from five months earlier -- and have essentially remained at that level. Gas well completions also increased and have been greater than 1,000 per month since October 1999 (a 30+ percent increase).

- These increases in drilling indicators point to an expectation that domestic production capability will remain strong and resilient in the foreseeable future and that price signals in the marketplace will encourage additional drilling, which will in turn produce downward pressure on prices over time. However, historic experience indicates that there is a time lag between increased drilling and a significant price response. Therefore, price reductions resulting from an increased level of drilling may not be realized in the upcoming heating season.

Sources: *Preliminary Findings Concerning Natural Gas Reserves*, American Gas Association.

*U.S. Crude Oil, Natural Gas and Natural Gas Liquids Reserves*, Energy Information Administration, DOE.
*Natural Gas Monthly*, April 2000.

## Natural Gas in Underground Storage - This Year Compared to a Five-Year Average

Supplies of natural gas held in underground storage are only somewhat below the five-year average for this time of year (mid-June). As shown in the attached chart (Figure 1), working gas inventories as of June 23, 2000, were only 10 percent less than the five-year average (1995-1999). A comparison of current storage levels (1,567 Bcf as of June 23, 2000) to levels of a year ago (2,033 Bcf on June 25) can be misleading. In 1999 storage levels in June were unusually high, due to the warmer-than-normal winter of 1998-1999 and unusually low early summer natural gas prices that encouraged purchases for injection. In fact, the storage level today exceeds the levels on this date in both 1996 and 1997.

- Working gas in storage actually exceeded the five-year average for 10 of the first 15 weeks this year. However, early season injection rates are beginning to trail the five-year average, according to the American Gas Storage Survey. It is too early to tell what impact storage injection requirements, summer electric generation load, production deliverability and commodity prices will have on summer underground storage refill.

- It should be noted that the Consuming Region East (the most heating-load sensitive region) has ended the winter heating season as little as 9 percent full (April 1996) and as high as 31 percent full (April 1999) based on records back to 1994. In every case and under significantly different price and demand conditions, summer injections have resulted in working gas levels that were 95-99 percent full by November, the traditional start of the winter heating season.

Source: *American Gas Storage Survey*, American Gas Association.

## Natural Gas Imports

- Natural gas imports from Canada have exceeded 3 trillion cubic feet (Tcf) for two consecutive years and currently account for about 13 percent of the gas consumed in the U.S. This trend is expected to continue with Canadian imports growing incrementally with U.S. demand growth.

- Recent additions to pipeline capacity moving Canadian gas to U.S. markets has added supply flexibility for U.S. consumers. The Northern Border Expansion, production from Sable Island (offshore eastern Canada) and the expectation that new gas supplies will begin flowing to Midwest markets through the Alliance pipeline in mid-November 2000 are representative of the new supply additions.

## Conclusion

Natural gas is a clean, safe, efficient and reliable fuel, which is why the market is demanding natural gas, and why demand from all customer sectors is increasing. Recent fluctuations in natural gas prices indicate that market forces are attempting to balance supply and demand.

The North American natural gas resource base is ample to supply the growing market.

Figure 1

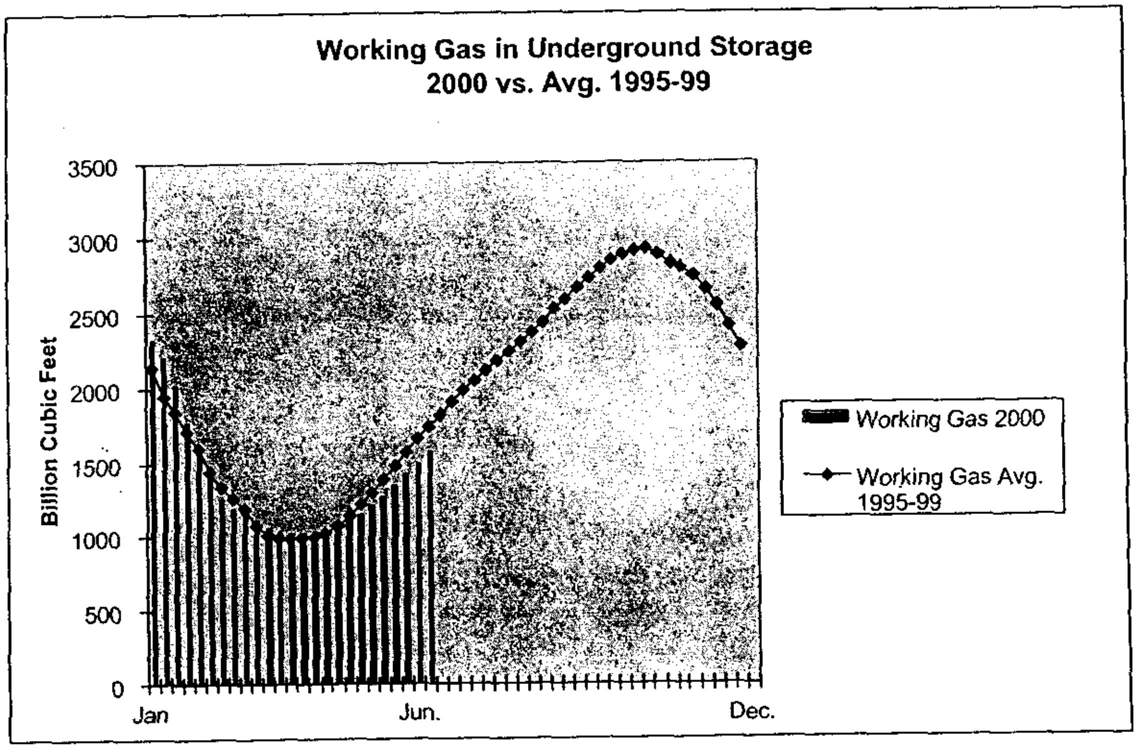
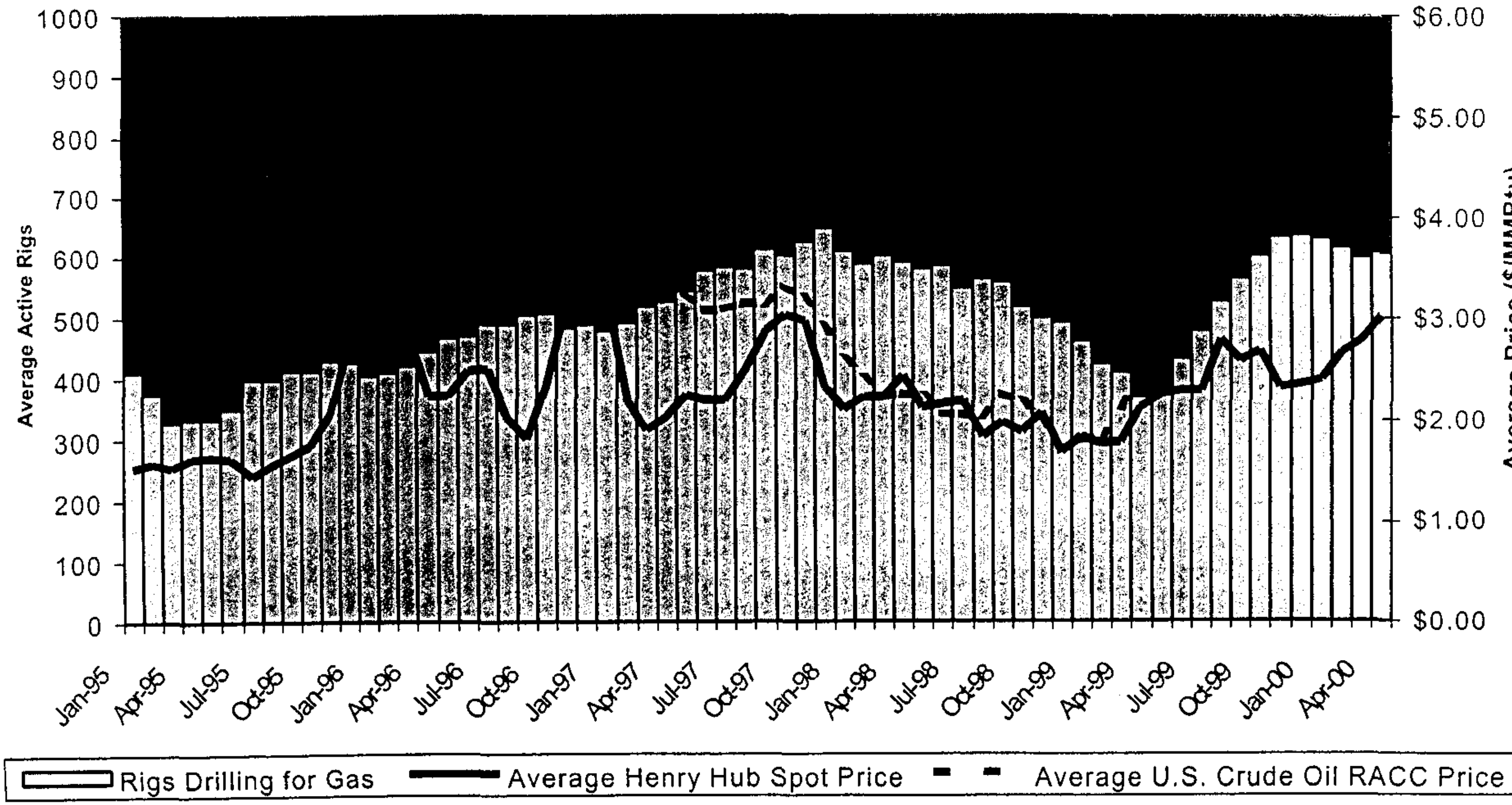
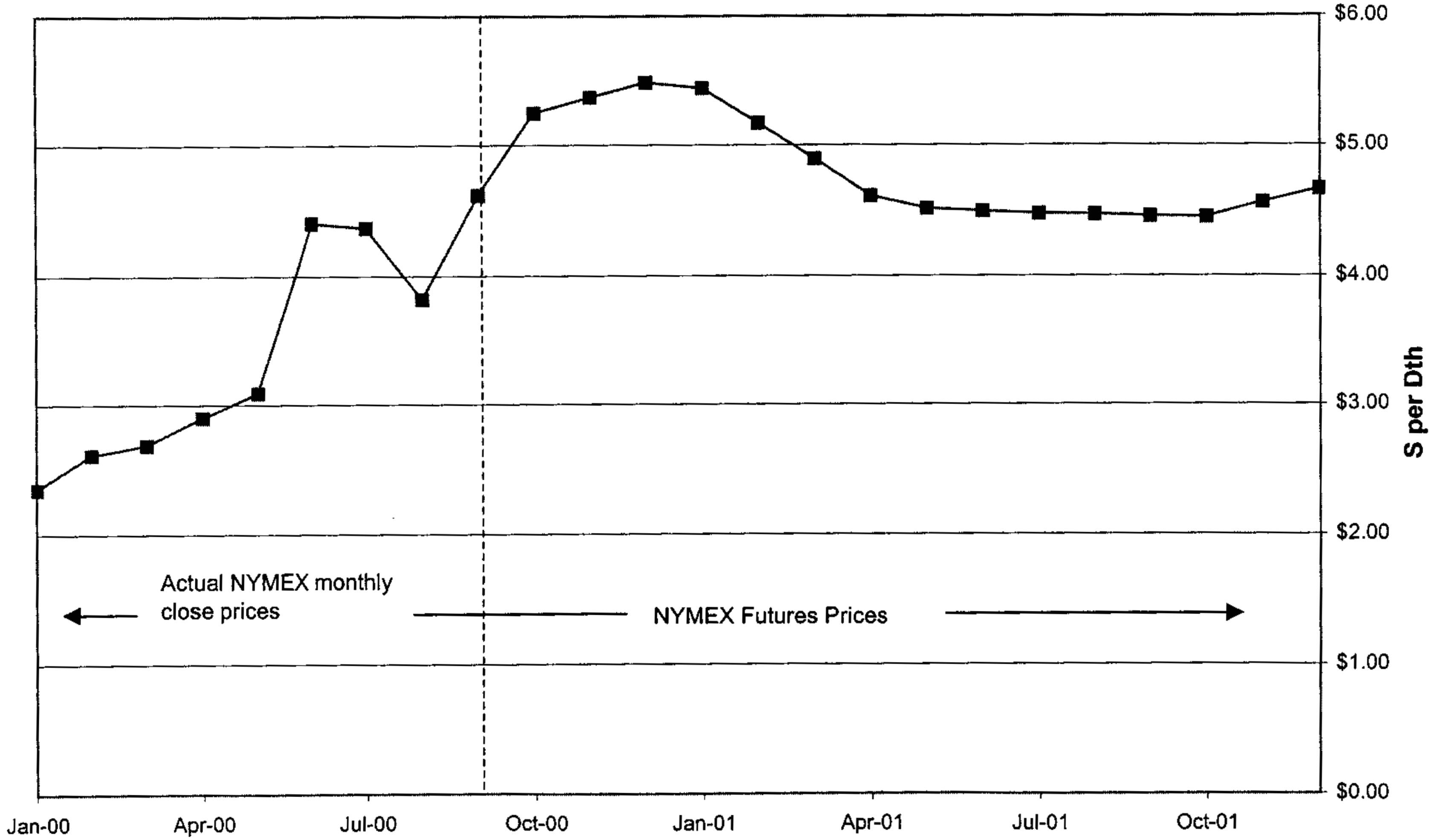


FIGURE 2

## Gas Directed Drilling Activity and Crude Oil and Gas Prices



# NYMEX Natural Gas Prices




Schedule TES -2

COMPANY: CITY GAS COMPANY OF FLORIDA
A Division of NUI Corporation

SCHEDULE E-1
(REVISED 9/22/00)

*ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD:*

| | | PROJECTION | | | | | |
|---|---|---|---|---|---|---|---|
| **COST OF GAS PURCHASED** | OCT | NOV | DEC | JAN | FEB | MAR | TOTAL |
| 1 COMMODITY (Pipeline) | $16,186 | $17,079 | $19,039 | $22,547 | $22,324 | $21,320 | $118,497 |
| 2 NO NOTICE RESERVATION | $11,160 | $26,190 | $27,063 | $27,063 | $24,444 | $27,063 | $142,983 |
| 3 SWING SERVICE | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 4 COMMODITY (Other) | $1,758,794 | $1,902,656 | $2,167,920 | $2,990,657 | $2,816,435 | $2,547,229 | $14,183,890 |
| 5 DEMAND | $519,563 | $842,816 | $870,910 | $1,085,294 | $980,265 | $1,085,294 | $5,384,141 |
| 6 OTHER | $5,554 | $4,431 | $5,742 | $5,926 | $5,926 | $5,733 | $33,311 |
| **LESS END-USE CONTRACT** | $0 | $0 | $0 | $0 | $0 | $0 | |
| 7 COMMODITY (Pipeline) | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 8 DEMAND | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 9 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 10 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10 | $2,311,259 | $2,793,172 | $3,090,673 | $4,131,686 | $3,849,394 | $3,686,639 | $19,862,823 |
| 12 NET UNBILLED | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 COMPANY USE | ($9,081) | ($10,407) | ($10,328) | ($11,661) | ($10,973) | ($11,003) | ($63,453) |
| 14 THERM SALES REVENUES | $2,302,178 | $2,782,765 | $3,080,346 | $4,120,025 | $3,838,421 | $3,675,635 | $19,799,369 |
| **THERMS PURCHASED** | | | | | | | |
| 15 COMMODITY (Pipeline) | 3,808,870 | 4,018,690 | 4,479,750 | 5,305,120 | 5,252,630 | 5,016,570 | 27,881,830 |
| 16 NO NOTICE RESERVATION | 1,240,000 | 2,910,000 | 3,007,000 | 3,007,000 | 2,716,000 | 3,007,000 | 15,887,000 |
| 17 SWING SERVICE | - | - | - | - | - | - | - |
| 18 COMMODITY (Other) | 3,808,870 | 4,018,690 | 4,479,750 | 5,305,120 | 5,252,630 | 5,016,570 | 27,881,830 |
| 19 DEMAND | 10,921,610 | 17,673,000 | 18,262,100 | 21,052,100 | 19,014,800 | 21,052,100 | 107,975,710 |
| 20 OTHER | 8,900 | 7,100 | 9,200 | 9,495 | 9,495 | 9,186 | 53,376 |
| **LESS END-USE CONTRACT** | - | - | - | - | - | - | |
| 21 COMMODITY (Pipeline) | - | - | - | - | - | - | - |
| 22 DEMAND | - | - | - | - | - | - | - |
| 23 | - | - | - | - | - | - | - |
| 24 TOTAL PURCHASES (+17+18+20)-(21+23) | 3,817,770 | 4,025,790 | 4,488,950 | 5,314,615 | 5,262,125 | 5,025,756 | 27,935,006 |
| 25 NET UNBILLED | - | - | - | - | - | - | - |
| 26 COMPANY USE | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (90,000) |
| 27 TOTAL THERM SALES (24-26) | 3,802,770 | 4,010,790 | 4,473,950 | 5,299,615 | 5,247,125 | 5,010,756 | 27,845,006 |
| **CENTS PER THERM** | | | | | | | |
| 28 *COMMODITY (Pipeline)* (1/15) | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 |
| 29 NO NOTICE RESERVATION (2/16) | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 |
| 30 SWING SERVICE (3/17) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 31 COMMODITY (Other) (4/18) | $0.46176 | $0.47345 | $0.48394 | 0.56377 | 0.53620 | 0.50776 | 0.50872 |
| 32 DEMAND (5/19) | $0.04757 | $0.04769 | $0.04769 | 0.05155 | 0.05155 | 0.05155 | 0.04986 |
| 33 OTHER (6/20) | $0.62408 | $0.62408 | $0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 |
| **LESS END-USE CONTRACT** | | | | | | | |
| 34 COMMODITY Pipeline (7/21) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 35 DEMAND (8/22) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 36 (9/23) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 37 TOTAL COST (11/24) | 0.60539 | 0.69382 | 0.68851 | 0.77742 | 0.73153 | 0.73355 | 0.71104 |
| 38 NET UNBILLED (12/25) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 39 COMPANY USE (13/26) | 0.60539 | 0.69382 | 0.68851 | 0.77742 | 0.73153 | 0.73355 | 0.71104 |
| 40 TOTAL THERM SALES (11/27) | 0.60778 | 0.69641 | 0.69082 | 0.77962 | 0.73362 | 0.73574 | 0.71334 |
| 41 TRUE-UP (E-2) | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 |
| 42 TOTAL COST OF GAS (40+41) | 0.68142 | 0.77006 | 0.76446 | 0.85326 | 0.80726 | 0.80939 | 0.78698 |
| 43 REVENUE TAX FACTOR | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 | 1.00503 |
| 44 PGA FACTOR ADJUSTED FOR TAXES (42x43) | 0.68485 | 0.77393 | 0.76830 | 0.85755 | 0.81132 | 0.81346 | 0.79093 |
| 45 PGA FACTOR ROUNDED TO NEAREST .001 | 0.685 | 0.774 | 0.768 | 0.858 | 0.811 | 0.813 | 0.791 |

COMPANY: NUI CITY GAS COMPANY OF FLORIDA

*PURCHASED GAS ADJUSTMENT*
**COST RECOVERY CLAUSE CALCULATION**

SCHEDULE E-1
(REVISED 9/24/00)

ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD: JANUARY 2001 Through DECEMBER 2001

| | | PROJECTION | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **COST OF GAS PURCHASED** | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL |
| 1 COMMODITY (Pipeline) | | $22,547 | $22,324 | $21,320 | $19,517 | $17,531 | $16,038 | $15,787 | $15,517 | $16,425 | $16,188 | $17,079 | $19,039 | $219,312 |
| 2 INTRA-DAY SUPPLY RESERVATION | | $27,063 | $24,444 | $27,063 | $13,500 | $10,463 | $10,125 | $10,463 | $10,463 | $10,125 | $11,160 | $26,190 | $27,063 | $208,121 |
| 3 SWING SERVICE | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 4 COMMODITY (Other) | | $2,990,857 | $2,816,435 | $2,547,229 | $2,197,087 | $1,932,392 | $1,759,438 | $1,724,786 | $1,694,049 | $1,787,264 | $1,758,794 | $1,902,656 | $2,167,920 | $25,278,907 |
| 5 DEMAND | | $1,085,294 | $980,265 | $1,085,294 | $612,187 | $484,125 | $468,508 | $484,125 | $484,125 | $468,508 | $519,563 | $842,816 | $870,910 | $8,385,718 |
| 6 OTHER | | $5,926 | $5,926 | $5,733 | $6,008 | $4,935 | $5,354 | $4,660 | $5,117 | $4,993 | $5,554 | $4,431 | $5,742 | $64,378 |
| **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 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 10 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 11 TOTAL COST | (1+2+3+4+5+6)-(7+8+9+10) | $4,131,686 | $3,849,394 | $3,686,839 | $2,848,299 | $2,449,445 | $2,259,464 | $2,239,820 | $2,209,271 | $2,287,314 | $2,311,259 | $2,793,172 | $3,090,673 | $34,156,435 |
| 12 NET UNBILLED | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 13 COMPANY USE | | ($11,661) | ($10,973) | ($11,003) | ($9,284) | ($8,890) | ($8,961) | ($9,027) | ($9,056) | ($8,859) | ($9,081) | ($10,407) | ($10,328) | ($117,531) |
| 14 THERM SALES REVENUES | | $4,120,025 | $3,838,421 | $3,675,635 | $2,839,015 | $2,440,555 | $2,250,503 | $2,230,793 | $2,200,215 | $2,278,455 | $2,302,178 | $2,782,765 | $3,080,346 | $34,038,905 |
| **THERMS PURCHASED** | | | | | | | | | | | | | | |
| 15 COMMODITY (Pipeline) | | 5,305,120 | 5,252,630 | 5,016,570 | 4,592,220 | 4,124,930 | 3,773,740 | 3,714,480 | 3,650,990 | 3,864,770 | 3,808,870 | 4,018,690 | 4,479,750 | 51,602,760 |
| 16 INTRA-DAY SUPPLY RESERVATION | | 3,007,000 | 2,716,000 | 3,007,000 | 1,500,000 | 1,162,500 | 1,125,000 | 1,162,500 | 1,162,500 | 1,125,000 | 1,240,000 | 2,910,000 | 3,007,000 | 23,124,500 |
| 17 SWING SERVICE | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 COMMODITY (Other) | | 5,305,120 | 5,252,630 | 5,016,570 | 4,592,220 | 4,124,930 | 3,773,740 | 3,714,480 | 3,650,990 | 3,864,770 | 3,808,870 | 4,018,690 | 4,479,750 | 51,602,760 |
| 19 DEMAND | | 21,052,100 | 19,014,800 | 21,052,100 | 11,527,800 | 9,977,350 | 9,655,500 | 9,977,350 | 9,977,350 | 9,655,500 | 10,921,610 | 17,673,000 | 18,262,100 | 168,746,560 |
| 20 OTHER | | 9,495 | 9,495 | 9,186 | 9,627 | 7,907 | 8,579 | 7,467 | 8,200 | 8,000 | 8,900 | 7,100 | 9,200 | 103,156 |
| **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 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 TOTAL PURCHASES (+17+18+20)-(21+23) | | 5,314,615 | 5,262,125 | 5,025,756 | 4,601,847 | 4,132,837 | 3,782,319 | 3,721,947 | 3,659,190 | 3,872,770 | 3,817,770 | 4,025,790 | 4,488,950 | 51,705,916 |
| 25 NET UNBILLED | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 COMPANY USE | | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (180,000) |
| 27 TOTAL THERM SALES | (24-26) | 5,299,615 | 5,247,125 | 5,010,756 | 4,586,847 | 4,117,837 | 3,767,319 | 3,706,947 | 3,644,190 | 3,857,770 | 3,802,770 | 4,010,790 | 4,473,950 | 51,525,916 |
| **CENTS PER THERM** | | | | | | | | | | | | | | |
| 28 COMMODITY (Pipeline) | (1/15) | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00425 |
| 29 INTRA-DAY SUPPLY RESERVATION | (2/16) | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00900 |
| 30 SWING SERVICE | (3/17) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 31 COMMODITY (Other) | (4/18) | 0.56377 | 0.53620 | 0.50776 | 0.47844 | 0.46847 | 0.46623 | 0.46434 | 0.46400 | 0.46245 | 0.46176 | 0.47345 | 0.48394 | 0.48988 |
| 32 DEMAND | (5/19) | 0.05155 | 0.05155 | 0.05155 | 0.05311 | 0.04852 | 0.04852 | 0.04852 | 0.04852 | 0.04852 | 0.04757 | 0.04769 | 0.04769 | 0.04969 |
| 33 OTHER | (6/20) | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.62408 |
| **LESS END-USE CONTRACT** | | | | | | | | | | | | | | |
| 34 COMMODITY Pipeline | (7/21) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 35 DEMAND | (8/22) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 36 | (9/23) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 37 TOTAL COST | (11/24) | 0.77742 | 0.73153 | 0.73355 | 0.61895 | 0.59268 | 0.59738 | 0.60179 | 0.60376 | 0.59061 | 0.60539 | 0.69382 | 0.68851 | 0.66059 |
| 38 NET UNBILLED | (12/25) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 39 COMPANY USE | (13/26) | 0.77742 | 0.73153 | 0.73355 | 0.61895 | 0.59268 | 0.59738 | 0.60179 | 0.60376 | 0.59061 | 0.60539 | 0.69382 | 0.68851 | 0.66059 |
| 40 TOTAL THERM SALES | (11/27) | 0.77962 | 0.73362 | 0.73574 | 0.62097 | 0.59484 | 0.59975 | 0.60422 | 0.60624 | 0.59291 | 0.60778 | 0.69641 | 0.69082 | 0.66290 |
| 41 TRUE-UP | (E-2) | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 | 0.07364 |
| 42 TOTAL COST OF GAS | (40+41) | 0.85326 | 0.80726 | 0.80939 | 0.69461 | 0.66848 | 0.67339 | 0.67786 | 0.67989 | 0.66655 | 0.68142 | 0.77006 | 0.76446 | 0.73654 |
| 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) | 0.85755 | 0.81132 | 0.81346 | 0.69811 | 0.67184 | 0.67678 | 0.68127 | 0.68331 | 0.66990 | 0.68485 | 0.77393 | 0.76830 | 0.74024 |
| 45 PGA FACTOR ROUNDED TO NEAREST .001 | | 0.858 | 0.811 | 0.813 | 0.698 | 0.672 | 0.677 | 0.681 | 0.683 | 0.670 | 0.685 | 0.774 | 0.768 | 0.740 |

COMPANY: NUI CITY GAS COMPANY OF FLORIDA

**PURCHASED GAS ADJUSTMENT**
**COST RECOVERY CLAUSE CALCULATION**

SCHEDULE E-1/R
(REVISED 9/24/00)

REVISED ESTIMATE FOR THE PROJECTED PERIOD: JANUARY 00 Through DECEMBER 00

| | ACTUAL | | | | | | | | REVISED PROJECTION | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **COST OF GAS PURCHASED** | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL |
| 1 COMMODITY (Pipeline) | $80,387 | $72,962 | $87,836 | $49,230 | $36,393 | $43,051 | $43,245 | $37,009 | $16,669 | $15,717 | $17,041 | $18,458 | $517,998 |
| 2 NO NOTICE RESERVATION | 17,741 | 16,597 | - | - | - | - | - | - | 9,990 | 11,160 | 26,190 | 27,063 | $108,741 |
| 3 SWING SERVICE | - | - | - | - | - | - | - | - | - | - | - | - | $0 |
| 4 COMMODITY (Other) | 1,842,115 | 1,405,959 | 1,221,559 | 1,186,074 | 995,877 | 1,405,756 | 1,399,568 | 1,440,035 | 1,887,008 | 2,011,229 | 2,231,007 | 2,468,297 | $19,494,484 |
| 5 DEMAND | 1,232,905 | 1,152,297 | 1,205,448 | 894,734 | 678,222 | 654,415 | 654,291 | 682,103 | 583,768 | 638,665 | 1,050,284 | 1,085,294 | $10,512,426 |
| 6 OTHER | 5,090 | 6,491 | 5,360 | 5,162 | 4,438 | 4,986 | 4,660 | 4,994 | 4,993 | 5,554 | 4,431 | 5,742 | $61,900 |
| **LESS END-USE CONTRACT** | | | | | | | | | | | | | |
| 7 COMMODITY (Pipeline) | - | - | - | - | - | - | - | - | $0 | $0 | $0 | $0 | $0 |
| 8 DEMAND | - | - | - | - | - | - | - | - | $0 | $0 | $0 | $0 | $0 |
| 9 | - | - | - | - | - | - | - | - | $0 | $0 | $0 | $0 | $0 |
| 10 | - | - | - | - | - | - | - | - | $0 | $0 | $0 | $0 | $0 |
| 11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10) | 3,178,238 | 2,654,306 | 2,520,203 | 2,135,200 | 1,714,930 | 2,108,208 | 2,101,764 | 2,164,141 | $2,502,428 | $2,682,325 | $3,328,953 | $3,604,853 | $30,695,549 |
| 12 NET UNBILLED | - | - | - | - | - | - | - | - | $0 | $0 | $0 | $0 | $0 |
| 13 COMPANY USE | (1,982) | (1,785) | (1,764) | (1,765) | (15,377) | (1,114) | (904) | (862) | ($9,587) | ($10,898) | ($12,478) | ($12,467) | ($70,974) |
| 14 THERM SALES REVENUES | $2,209,943 | $2,400,700 | $2,306,747 | $1,960,021 | $1,856,082 | $1,760,545 | $1,870,986 | $1,924,456 | $2,492,840 | $2,671,427 | $3,316,475 | $3,592,386 | $28,362,608 |
| **THERMS PURCHASED** | | | | | | | | | | | | | |
| 15 COMMODITY (Pipeline) | 21,369,670 | 21,246,630 | 21,704,980 | 14,296,390 | 11,827,332 | 10,707,510 | 11,537,530 | 10,412,780 | 3,922,200 | 3,698,050 | 4,009,640 | 4,342,990 | 139,075,702 |
| 16 NO NOTICE RESERVATION | 3,007,000 | 2,813,000 | - | - | - | - | - | - | 1,110,000 | 1,240,000 | 2,910,000 | 3,007,000 | 14,087,000 |
| 17 SWING SERVICE | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 |
| 18 COMMODITY (Other) | 6,123,171 | 5,583,229 | 5,951,099 | 4,085,715 | 3,159,276 | 3,436,669 | 3,344,924 | 3,584,436 | 3,922,200 | 3,698,050 | 4,009,640 | 4,342,990 | 51,241,399 |
| 19 DEMAND | 24,342,130 | 22,763,840 | 21,528,820 | 15,835,500 | 13,144,720 | 12,676,200 | 12,671,970 | 13,267,380 | 11,155,500 | 12,471,610 | 20,373,000 | 21,052,100 | 201,282,770 |
| 20 OTHER | 9,495 | 9,495 | 9,186 | 9,627 | 7,907 | 8,579 | 7,467 | 7,575 | 8,000 | 8,900 | 7,100 | 9,200 | 102,531 |
| **LESS END-USE CONTRACT** | | | | | | | | | | | | | |
| 21 COMMODITY (Pipeline) | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 |
| 22 DEMAND | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 |
| 23 | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 |
| 24 TOTAL PURCHASES (17+18+20)-(21+23) | 6,132,566 | 5,592,724 | 5,960,285 | 4,095,342 | 3,167,183 | 3,445,248 | 3,352,391 | 3,592,011 | 3,930,200 | 3,706,950 | 4,016,740 | 4,352,190 | 51,343,930 |
| 25 NET UNBILLED | - | - | - | - | - | - | - | - | 0 | 0 | 0 | 0 | 0 |
| 26 COMPANY USE | (4,399) | (3,961) | (3,961) | (3,895) | (34,126) | 139 | (116) | (1,914) | (15,000) | (15,000) | (15,000) | (15,000) | (112,233) |
| 27 TOTAL THERM SALES (24-26) | 5,977,256 | 6,001,725 | 5,759,038 | 4,805,565 | 4,420,947 | 4,009,303 | 3,791,245 | 3,623,975 | 3,915,200 | 3,691,950 | 4,001,740 | 4,337,190 | 54,335,134 |
| **CENTS PER THERM** | | | | | | | | | | | | | |
| 28 COMMODITY (Pipeline) (1/15) | 0.00376 | 0.00343 | 0.00405 | 0.00344 | 0.00308 | 0.00563 | 0.00563 | 0.00563 | 0.00425 | 0.00425 | 0.00425 | 0.00425 | 0.00372 |
| 29 NO NOTICE RESERVATION (2/16) | 0.00590 | 0.00590 | #DIV/0! | 0.00561 | 0.00561 | 0.00590 | 0.00590 | 0.00590 | 0.00900 | 0.00900 | 0.00900 | 0.00900 | 0.00772 |
| 30 SWING SERVICE (3/17) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 31 COMMODITY (Other) (4/18) | 0.30084 | 0.25182 | 0.20527 | 0.29030 | 0.31522 | 0.28351 | 0.26511 | 0.27912 | 0.48111 | 0.54386 | 0.55641 | 0.56834 | 0.38044 |
| 32 DEMAND (5/19) | 0.05065 | 0.05062 | 0.05599 | 0.05650 | 0.05160 | 0.05197 | 0.05081 | 0.05116 | 0.05233 | 0.05121 | 0.05155 | 0.05155 | 0.05223 |
| 33 OTHER (6/20) | 0.53607 | 0.68362 | 0.58350 | 0.53620 | 0.56127 | 0.53394 | 0.53394 | 0.53394 | 0.62408 | 0.62408 | 0.62408 | 0.62408 | 0.60372 |
| **LESS END-USE CONTRACT** | | | | | | | | | | | | | |
| 34 COMMODITY Pipeline (7/21) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 35 DEMAND (8/22) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 36 (9/23) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 37 TOTAL COST (11/24) | 0.51825 | 0.47460 | 0.42283 | 0.52137 | 0.54147 | 0.61192 | 0.62694 | 0.60249 | 0.63672 | 0.72359 | 0.82877 | 0.82828 | 0.59784 |
| 38 NET UNBILLED (12/25) | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 39 COMPANY USE (13/26) | 0.45056 | 0.45064 | 0.44534 | 0.45058 | 0.45059 | 0.61192 | 0.62694 | 0.60249 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.63238 |
| 40 TOTAL THERM SALES (11/27) | 0.53172 | 0.44226 | 0.43761 | 0.44432 | 0.38791 | 0.52583 | 0.55437 | 0.59717 | 0.63916 | 0.72653 | 0.83188 | 0.83115 | 0.56493 |
| 41 TRUE-UP (E-2) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) | (0.02577) |
| 42 TOTAL COST OF GAS (40+41) | 0.50595 | 0.41649 | 0.41184 | 0.41855 | 0.36214 | 0.50006 | 0.52860 | 0.57140 | 0.61339 | 0.70076 | 0.80611 | 0.80538 | 0.53916 |
| 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) | 0.50850 | 0.41858 | 0.41391 | 0.42065 | 0.36396 | 0.50257 | 0.53126 | 0.57428 | 0.61647 | 0.70429 | 0.81016 | 0.80943 | 0.54187 |
| 45 PGA FACTOR ROUNDED TO NEAREST .001 | 0.508 | 0.419 | 0.414 | 0.421 | 0.364 | 0.503 | 0.531 | 0.574 | 0.616 | 0.704 | 0.81 | 0.809 | 0.542 |

COMPANY: NUI CITY GAS COMPANY OF FLORIDA

## CALCULATION OF TRUE-UP AMOUNT

SCHEDULE E-2

(REVISED 9/24/99)

FOR THE CURRENT PERIOD: JANUARY 99 Through DECEMBER 99

| | ACTUAL | | | | | | | | | REVISED PROJECTIONS | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | PERIOD |
| **TRUE-UP CALCULATION** | | | | | | | | | | | | | |
| 1 PURCHASED GAS COST | $1,847,205 | $1,412,450 | $1,226,919 | $1,191,236 | $1,000,315 | $1,410,742 | $1,404,228 | $1,445,029 | $1,892,001 | $2,016,783 | $2,235,438 | $2,474,039 | $19,556,384 |
| 2 TRANSPORTATION COST | $1,331,033 | $1,241,856 | $1,293,284 | $943,964 | $714,615 | $697,466 | $697,536 | $719,112 | $610,427 | $665,542 | $1,093,515 | $1,130,814 | $11,139,164 |
| 3 TOTAL COST | $3,178,238 | $2,654,306 | $2,520,203 | $2,135,200 | $1,714,930 | $2,108,208 | $2,101,764 | $2,164,141 | $2,502,428 | $2,682,325 | $3,328,953 | $3,604,853 | $30,695,549 |
| 4 FUEL REVENUES (Net of Revenue Tax) | $2,209,943 | $2,400,700 | $2,306,747 | $1,960,021 | $1,856,082 | $1,760,545 | $1,870,986 | $1,924,456 | $2,492,840 | $2,671,427 | $3,316,475 | $3,592,386 | $28,362,608 |
| 4a Under-recovery* | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | ($52,615) | ($373,525) | ($827,876) | ($893,851) | ($2,147,868) |
| 4b ADJUSTED NET FUEL REVENUES * | $2,209,943 | $2,400,700 | $2,306,747 | $1,960,021 | $1,856,082 | $1,760,545 | $1,870,986 | $1,924,456 | $2,440,226 | $2,297,901 | $2,488,598 | $2,698,535 | $26,214,740 |
| 5 TRUE-UP COLLECTED OR (REFUNDED) | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $4,019 | $48,228 |
| 6 FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5) | $2,213,962 | $2,404,719 | $2,310,766 | $1,964,040 | $1,860,101 | $1,764,564 | $1,875,005 | $1,928,475 | $2,444,245 | $2,301,920 | $2,492,617 | $2,702,554 | $26,262,968 |
| 7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3) | ($964,276) | ($249,587) | ($209,437) | ($171,160) | $145,171 | ($343,644) | ($226,759) | ($235,666) | ($58,183) | ($380,404) | ($836,335) | ($902,300) | ($4,432,581) |
| 8 INTEREST PROVISION-THIS PERIOD (21) | $1,280 | ($1,643) | ($2,848) | ($3,940) | ($4,213) | ($4,932) | ($6,516) | ($7,794) | ($8,656) | ($9,914) | ($13,290) | ($18,100) | ($80,567) |
| 8a ADJUST PRIOR MONTHS' INTEREST | | | | | | | | | | | | | |
| 9 BEGINNING OF PERIOD TRUE-UP AND INTEREST | $753,670 | ($213,345) | ($468,594) | ($684,898) | ($864,017) | ($727,078) | ($1,079,675) | ($1,316,969) | ($1,564,447) | ($1,635,305) | ($2,029,643) | ($2,883,288) | $753,670 |
| 10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($4,019) | ($48,228) |
| 10a FLEX RATE REFUND (if applicable) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a) | ($213,345) | ($468,594) | ($684,898) | ($864,017) | ($727,078) | ($1,079,675) | ($1,316,969) | ($1,564,447) | ($1,635,305) | ($2,029,643) | ($2,883,288) | ($3,807,707) | ($3,807,706) |
| **INTEREST PROVISION** | | | | | | | | | | | | | |
| 12 BEGINNING TRUE-UP AND INTEREST PROVISION (9) | $753,670 | ($213,345) | ($468,594) | ($684,898) | ($864,017) | ($727,078) | ($1,079,675) | ($1,316,969) | ($1,564,447) | ($1,635,305) | ($2,029,643) | ($2,883,288) | |
| 13 ENDING TRUE-UP BEFORE INTEREST (12+7-5) | ($214,625) | ($466,951) | ($682,050) | ($860,077) | ($722,865) | ($1,074,741) | ($1,310,453) | ($1,556,654) | ($1,626,649) | ($2,019,729) | ($2,869,997) | ($3,789,606) | |
| 14 TOTAL (12+13) | $539,045 | ($680,296) | ($1,150,645) | ($1,544,977) | ($1,586,883) | ($1,801,820) | ($2,390,128) | ($2,873,622) | ($3,191,097) | ($3,655,034) | ($4,899,641) | ($6,672,894) | |
| 15 AVERAGE (50% OF 14) | $269,522 | ($340,148) | ($575,322) | ($772,487) | ($793,441) | ($900,910) | ($1,195,064) | ($1,436,811) | ($1,595,548) | ($1,827,517) | ($2,449,820) | ($3,336,447) | |
| 16 INTEREST RATE - FIRST DAY OF MONTH | 0.05600 | 0.05800 | 0.05800 | 0.06070 | 0.06180 | 0.06570 | 0.06580 | 0.06510 | 0.06510 | 0.06510 | 0.06510 | 0.06510 | |
| 17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH | 0.05800 | 0.05800 | 0.06070 | 0.06180 | 0.06570 | 0.06580 | 0.06510 | 0.06510 | 0.06510 | 0.06510 | 0.06510 | 0.06510 | |
| 18 TOTAL (16+17) | 0.11400 | 0.11600 | 0.11870 | 0.12250 | 0.12750 | 0.13150 | 0.13090 | 0.13020 | 0.13020 | 0.13020 | 0.13020 | 0.13020 | |
| 19 AVERAGE (50% OF 18) | 0.05700 | 0.05800 | 0.05935 | 0.06125 | 0.06375 | 0.06575 | 0.06545 | 0.06510 | 0.06510 | 0.06510 | 0.06510 | 0.06510 | |
| 20 MONTHLY AVERAGE (19/12 Months) | 0.00475 | 0.00483 | 0.00495 | 0.00510 | 0.00531 | 0.00548 | 0.00545 | 0.00543 | 0.00543 | 0.00543 | 0.00543 | 0.00543 | |
| 21 INTEREST PROVISION (15x20) | 1,280 | (1,643) | (2,848) | (3,940) | (4,213) | (4,932) | (6,516) | (7,794) | (8,656) | (9,914) | (13,290) | (18,100) | |

* Under-recovery = Monthly sales volume * (Projected Cost of Gas (Sched E/1 line 24) - anticipated PGA rate)

COMPANY: NUI CITY GAS COMPANY OF FLORIDA

**TRANSPORTATION PURCHASES**
**SYSTEM SUPPLY AND END USE**

SCHEDULE E-3
(REVISED 9/24/99)

ESTIMATED FOR THE PROJECTED PERIOD OF: JANUARY 2001 Through DECEMBER 2001

| MONTH | PURCHASED FROM | PURCHASED FOR | SCH TYPE | SYSTEM SUPPLY | END USE | TOTAL PURCHASED | COMMODITY COST THIRD PARTY | COMMODITY COST PIPELINE | DEMAND COST | OTHER CHARGES ACA/GRI/FUEL | TOTAL CENTS PER THERM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 01/01 | Various | Sys/End-Use | FTS | 5,305,120 | | 5,305,120 | | $17,348 | $1,112,357 | $5,199 | 21.39260 |
| 02/01 | Various | Sys/End-Use | FTS | 5,252,630 | | 5,252,630 | | $17,176 | $1,004,709 | $5,148 | 19.55274 |
| 03/01 | Various | Sys/End-Use | FTS | 5,016,570 | | 5,016,570 | | $16,404 | $1,112,357 | $4,916 | 22.59865 |
| 04/01 | Various | Sys/End-Use | FTS | 4,592,220 | | 4,592,220 | | $15,017 | $625,687 | $4,500 | 14.04993 |
| 05/01 | Various | Sys/End-Use | FTS | 4,124,930 | | 4,124,930 | | $13,489 | $494,587 | $4,042 | 12.41520 |
| 06/01 | Various | Sys/End-Use | FTS | 3,773,740 | | 3,773,740 | | $12,340 | $478,633 | $3,698 | 13.10825 |
| 07/01 | Various | Sys/End-Use | FTS | 3,714,480 | | 3,714,480 | | $12,146 | $494,587 | $3,640 | 13.74012 |
| 08/01 | Various | Sys/End-Use | FTS | 3,650,990 | | 3,650,990 | | $11,939 | $494,587 | $3,578 | 13.97166 |
| 09/01 | Various | Sys/End-Use | FTS | 3,864,770 | | 3,864,770 | | $12,638 | $478,633 | $3,787 | 12.80951 |
| 10/01 | Various | Sys/End-Use | FTS | 3,808,870 | | 3,808,870 | | $12,455 | $530,723 | $3,733 | 14.35887 |
| 11/01 | Various | Sys/End-Use | FTS | 4,018,690 | | 4,018,690 | | $13,141 | $869,006 | $3,938 | 22.04911 |
| 12/01 | Various | Sys/End-Use | FTS | 4,479,750 | | 4,479,750 | | $14,649 | $897,973 | $4,390 | 20.47016 |
| TOTAL | | | | 51,602,760 | | 51,602,760 | | $168,741 | $8,593,839 | $50,571 | 17.07884 |

COMPANY: NUI CITY GAS COMPANY OF FLORIDA

# CALCULATION OF TRUE-UP AMOUNT
## PROJECTED PERIOD

SCHEDULE E-4

(REVISED 9/24/99)

ESTIMATED FOR THE PROJECTED PERIOD: JANUARY 01 Through DECEMBER 01

| | | PRIOR PERIOD: JANUARY 99 - DECEMBER 99 | | | | | CURRENT PERIOD: JAN '00 - DEC '00 | | |
|---|---|---|---|---|---|---|---|---|---|
| | | (1) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE | | (2) ACTUAL | (3) Col(2)-Col(1) DIFFERENCE | | (4) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE | | (5) Col(3)+Col(4) TOTAL TRUE-UP |
| 1 TOTAL THERM SALES $ | E-2 Line 6 | $23,957,075 | A-2 Line 6 | $22,857,374 | ($1,099,701) | E-2 Line 6 | $26,262,968 | | $25,163,267 |
| 2 TRUE-UP PROVISION FOR THIS PERIOD OVER (UNDER) COLLECTION | E-2 Line 7 | ($1,202,907) | A-2 Line 7 | ($503,349) | $699,558 | E-2 Line 7 | ($4,432,581) | | ($3,733,023) |
| 3 INTEREST PROVISION FOR THIS PERIOD | E-2 Line 8 | $129,460 | A-2 Line 8 | $135,332 | $5,872 | E-2 Line 8 | ($80,567) | | ($74,695) |
| 4 END OF PERIOD TOTAL NET TRUE-UP | L2+L3+L3a | ($1,073,447) | | ($368,017) | $705,430 | | ($4,513,148) | | ($3,807,718) |

NOTE: EIGHT MONTHS ACTUAL FOUR MONTHS REVISED ESTIMATE DATA OBTAINED FROM SCHEDULE (E-2).

COLUMN (1) DATA OBTAINED FROM SCHEDULE (E-2)
COLUMN (2) DATA OBTAINED FROM SCHEDULE (A-2)
LINE 4 COLUMN (3) SAME AS LINE 7 SCHEDULE (A-7)
LINE 4 COLUMN (1) SAME AS LINE 8 SCHEDULE (A-7)
LINE 2 COLUMN (4) SAME AS LINE 7 SCHEDULE (E-2)
LINE 3 COLUMN (4) SAME AS LINE 8 SCHEDULE (E-2)

| | | | | |
|---|---|---|---|---|
| TOTAL TRUE-UP DOLLARS | ($3,807,718) | equals | 0.07364 | $/Therm |
| PROJECTED THERM SALES | 51,706,660 | | 7.364 | |
| | | | Cents Per Therm True-Up | |

COMPANY: NUI CITY GAS COMPANY OF FLORIDA

**THERM SALES AND CUSTOMER DATA**

SCHEDULE E-5
(REVISED 9/24/99)

ESTIMATED FOR THE PROJECTED PERIOD: JANUARY 01 Through DECEMBER 01

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **THERM SALES (FIRM)** | | | | | | | | | | | | | |
| RESIDENTIAL (RS & GS) | 2,482,840 | 2,403,580 | 2,138,220 | 1,713,050 | 1,392,310 | 1,271,970 | 1,227,190 | 1,163,170 | 1,207,220 | 1,182,990 | 1,354,120 | 1,855,230 | 19,391,890 |
| COMMERCIAL (CS, LCS &NGV) | 2,740,180 | 2,767,050 | 2,797,350 | 2,804,670 | 2,671,520 | 2,432,170 | 2,419,590 | 2,426,420 | 2,593,850 | 2,565,480 | 2,584,170 | 2,557,120 | 31,359,570 |
| TOTAL FIRM | 5,223,020 | 5,170,630 | 4,935,570 | 4,517,720 | 4,063,830 | 3,704,140 | 3,646,780 | 3,589,590 | 3,801,070 | 3,748,470 | 3,938,290 | 4,412,350 | 50,751,460 |
| **THERM SALES (INTERRUPTIBLE)** | | | | | | | | | | | | | |
| INTERRUPTIBLE (IP) | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 955,200 |
| LARGE INTERRUPTIBLE(IL) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL INTERRUPTIBLE | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 79,600 | 955,200 |
| TOTAL THERM SALES | 5,302,620 | 5,250,230 | 5,015,170 | 4,597,320 | 4,143,430 | 3,783,740 | 3,726,380 | 3,669,190 | 3,880,670 | 3,828,070 | 4,017,890 | 4,491,950 | 51,706,660 |
| **NUMBER OF CUSTOMERS (FIRM)** | | | | | | | | | | | | | |
| RESIDENTIAL (RS & GS) | 96,481 | 96,640 | 96,785 | 96,388 | 95,809 | 95,605 | 95,441 | 95,280 | 95,341 | 95,375 | 96,092 | 96,495 | 95,978 |
| COMMERCIAL (CS, LCS &NGV) | 4,342 | 4,225 | 4,337 | 4,232 | 4,330 | 4,228 | 4,322 | 4,224 | 4,331 | 4,330 | 4,318 | 4,350 | 4,297 |
| TOTAL FIRM | 100,823 | 100,865 | 101,122 | 100,620 | 100,139 | 99,833 | 99,763 | 99,504 | 99,672 | 99,705 | 100,410 | 100,845 | 100,275 |
| **NUMBER OF CUSTOMERS (INT.)** | | | | | | | | | | | | | |
| INTERRUPTIBLE (IP) | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| LARGE INTERRUPTIBLE(IL) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL INTERRUPTIBLE | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| TOTAL CUSTOMERS | 100,827 | 100,869 | 101,126 | 100,624 | 100,143 | 99,837 | 99,767 | 99,508 | 99,676 | 99,709 | 100,414 | 100,849 | 100,279 |
| **THERM USE PER CUSTOMER** | | | | | | | | | | | | | |
| RESIDENTIAL (RS & GS) | 26 | 25 | 22 | 18 | 15 | 13 | 13 | 12 | 13 | 12 | 14 | 19 | 202 |
| COMMERCIAL (CS, LCS &NGV) | 631 | 655 | 645 | 663 | 617 | 575 | 560 | 574 | 599 | 592 | 599 | 588 | 7,297 |
| INTERRUPTIBLE (IP) | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 19,900 | 238,800 |
| LARGE INTERRUPTIBLE(IL) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |