RESPONSES TO STAFF'S FIRST SET OF
INTERROGATORIES TO FLORIDA CITY GAS (NOS. 1 - 5)
DOCKET NO. 070003-GU
INTERROGATORY NO. 1

REDACTED

Please identify and describe all gas supply contracts that are included in the PGA clause for recovery in 2007 and 2008.

[redacted].

CMP ______
COM ______
CTR ______
ECR ______
GCL ______
OPC ______
RCA ______
SCR ______
SGA ______
SEC ______
OTH ______

DOCUMENT NUMBER-DATE
08327 SEP 13 ö
FPSC-COMMISSION CLERK

RESPONSES TO STAFF'S FIRST SET OF
INTERROGATORIES TO FLORIDA CITY GAS (NOS. 1 - 5)
DOCKET NO. 070003-GU
INTERROGATORY NO. 2

Please identify and describe all other costs and revenues that are included in the PGA clause for recovery in 2007 and 2008.

As defined in Rider "A" of the Company's tariff, the PGA charge is designed to recover "the cost to the Company of purchased gas or fuel used as a substitute for or supplemental to purchased gas including the cost of storing or transporting said gases or fuel, the cost of financial instruments employed to stabilize gas costs, or other charges or credits as may result from the operation of other tariff provisions, and taxes and assessments in connection with the purchase and sale of (natural) gas". In addition to commodity charges related to purchased gas supplies, the PGA may also include pipeline reservation/demand charges, pipeline transportation commodity charges, pipeline fuel charges, pipeline cashouts related to receipt/delivery imbalances, pipeline supplier refunds, FCG prior period over/under recovery amounts, allocation of the Hattiesburg storage contracts reservation/demand charges, Peoples Gas System Wholesale ("WHS") tariff charges (natural gas supplier), and cashout charges billed to Third-Party Suppliers ("TPS") serving FCG customers.

RESPONSES TO STAFF'S FIRST SET OF
INTERROGATORIES TO FLORIDA CITY GAS (NOS. 1 - 5)
DOCKET NO. 070003-GU
INTERROGATORY NO. 3

If your company engages in off-system sales or opportunity sales of natural gas and pipeline capacity, please describe any applicable sharing mechanism used by your company in the PGA clause whereby both customers and the company benefit from the revenues generated by the off-system sales or opportunity sales.

The Company does not engage in off-system sales or opportunity sales of pipeline capacity. Under the terms of the asset management agreement described in response to Interrogatory 1, the asset manager is responsible for optimizing all assets covered by the agreement. To the extent that margin is generated from the asset manager's optimization of the Company's pipeline assets, 50% of the margin is shared with ratepayer's through the PGA mechanism of Rider "A" of the Company's tariff.

RESPONSES TO STAFF'S FIRST SET OF
INTERROGATORIES TO FLORIDA CITY GAS (NOS. 1 - 5)
DOCKET NO. 070003-GU
INTERROGATORY NO. 4

If your company engages in financial hedging through trading financial instruments such as forward and futures contracts, swaps, and options, please describe any applicable cost (or revenues) that is recovered through the PGA clause.

The Company does not engaged in financial hedging through trading financial instruments, therefore has no such costs to recover.

If your company engages in gas storage projects or contracts, please describe any applicable cost that is or is projected to be recovered through the PGA clause.

The Company allocates a portion of the Hattiesburg reservation/demand charges based on its ratio of annual firm demand relative to the sum total annual firm demand of each of the following Pivotal Utility Holdings, Inc utility divisions: Elizabethtown Gas, Elkton Gas and Florida City Gas.

In addition, the Company has recently contracted for storage capacity with Bay Gas Storage. Bay Gas indicates that the facility will be operational in April of 2008. The storage facility offers direct pipeline interconnection with Florida Gas Transmission ("FGT") in Zone 3 and is located in the south west corner of Alabama in Mobile County. When service commences, FCG will have 150,000 dth of storage capacity coupled with 15,000 dth per day of withdrawal rights and 5,000 dth per day of injection rights. Following commencement of services, reservation/demand charges, injection and withdrawal charges, injection fuel charges and applicable taxes and assessments will be included in costs to be recovered through the PGA clause.

ASSET MANAGEMENT AND AGENCY AGREEMENT

BETWEEN

NUI UTILITIES, INC.

AND

SEQUENT ENERGY MANAGEMENT, L.P.

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED