

BEFORE THE  
 FLORIDA PUBLIC SERVICE COMMISSION  
 DOCKET NO. 100001-EI  
 CONTINUING SURVEILLANCE AND REVIEW OF  
FUEL COST RECOVERY CLAUSES OF ELECTRIC UTILITIES

Direct Testimony of  
 Mark Cutshaw  
 On Behalf of  
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Mark Cutshaw, 401 South Dixie Highway, West Palm Beach, FL 33401.
- 3 Q. By whom are you employed?
- 4 A. I am employed by Florida Public Utilities Company.
- 5 Q. Have you previously testified in this Docket?
- 6 A. Yes.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. I will briefly describe the basis for the computations that were
- 9 made in the preparation of the various Schedules that we have
- 10 submitted in support of the January 2011 - December 2011 fuel cost
- 11 recovery adjustments for our two electric divisions. In addition,
- 12 I will advise the Commission of the projected differences between
- 13 the revenues collected under the levelized fuel adjustment and the
- 14 purchased power costs allowed in developing the levelized fuel
- 15 adjustment for the period January 2010 - December 2010 and to
- 16 establish a "true-up" amount to be collected or refunded during
- 17 January 2011 - December 2011.
- 18 Q. Were the schedules filed by your Company completed under your
- 19 direction or review?
- 20 A. Yes.
- 21 Q. Which of the Staff's set of schedules has your company completed
- 22 and filed?
- 23 A. We have filed Schedules E1, E1A, E2, E7, and E10 for Marianna
- 24 (Northwest division) and E1, E1A, E2, E7, E8, and E10 for

COM 21 5  
 APA 22 1  
 ECR 23 2  
 GCL 24 1  
 RAD 24 1  
 SSC \_\_\_\_\_  
 ADM \_\_\_\_\_  
 OPC \_\_\_\_\_  
 CLK CF.RPR

DOCUMENT NUMBER 0400  
 07368 SEP-12  
 FPSC-COMMISSION CLERK

1                   Fernandina Beach (Northeast division). They are included in  
2                   Composite Prehearing Identification Numbers MC-1.

3                   Q.    In derivation of the projected cost factor for the January 2011 -  
4                   December 2011 period, did you follow the same procedures that were  
5                   used in the prior period filings?

6                   A.    Yes.

7                   Q    Why has the GSLD1 rate class for Fernandina Beach (Northeast  
8                   division) been excluded from these computations?

9                   A.    Demand and other purchased power costs are assigned to the GSLD1  
10                  rate class directly based on their actual CP KW and their actual  
11                  KWH consumption. That procedure for the GSLD1 class has been in  
12                  use for several years and has not been changed herein. Costs to be  
13                  recovered from all other classes are determined after deducting  
14                  from total purchased power costs those costs directly assigned to  
15                  GSLD1.

16                  Q.    How will the demand cost recovery factors for the other rate  
17                  classes be used?

18                  A.    The demand cost recovery factors for each of the RS, GS, GSD, GSLD,  
19                  GSLD1 and OL-SL rate classes will become one element of the total  
20                  cost recovery factor for those classes. All other costs of  
21                  purchased power will be recovered by the use of the levelized  
22                  factor that is the same for all those rate classes. Thus the total  
23                  factor for each class will be the sum of the respective demand cost  
24                  factor and the levelized factor for all other costs.

25                  Q.    Is there any additional calculation of cost that is included in  
26                  these costs recovery factors?

27                  A.    Yes. Consistent with the prior year we introduced an allocation of  
28                  a portion of the transmission cost to the NE FL customers. We are  
29                  continuing to include that calculation in these cost recovery

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factors.

Q. Why is it appropriate to allocate a portion of the transmission costs to the NE Florida customers?

A. The distribution charge (associated with distribution substations in NW FL) within the fuel charge should be allocated to both divisions in order to offset the disparity in substation related plant cost in the two divisions. This will allow all customers to contribute to the distribution charge within fuel just as all customers contribute to the substation plant related cost included in the base rates. Our NW division pays for a portion of distribution substations via a distribution charge through the fuel clause, where similar costs in our NE division are paid through base rates since FPUC owns the related plant and it is included in rate base. In the NW Division, Gulf Power Company owns the distribution substation with the exception of the distribution feeder bus. To allow for fair recovery of these costs the fuel portion should be allocated between the two electric divisions, similar to the rate base portion included for recovery in base rates. This allows for equitable cost distribution and recovery between all of our customers.

Q. What is the appropriate total cost allocated to the NE Florida customers for the 2011 calendar year?

A. The appropriate total cost allocated to the NE Florida customers for the 2011 calendar year is \$475,832

Q. What was the basis of the allocation used to allocate a portion of the transmission costs to NE Florida Customers?

A. One half of the distribution charge will be included

1 within the NE FL fuel determination just as the substation plant  
2 cost was equally allocated to all customers within base rates.

3 Q. Please address the calculation of the total true-up amount to be  
4 collected or refunded during the January 2011 - December 2011 year?

5 A. We have determined that at the end of December 2011 based on six  
6 months actual and six months estimated. We will have under-  
7 recovered \$1,463,053 in purchased power costs in our Marianna  
8 (Northwest division). Based on estimated sales for the period  
9 January 2011 - December 2011, it will be necessary to add .44994¢  
10 per KWH to collect this under-recovery.

11 In Fernandina Beach (Northeast division) we will have over-  
12 recovered \$1,747,119 in purchased power costs. This amount will be  
13 refunded at .72855¢ per KWH during the January 2011 - December 2011  
14 period (excludes GSLD1 customers). Page 3 and 10 of Composite  
15 Prehearing Identification Number MC-1 provides a detail of the  
16 calculation of the true-up amounts.

17 Q. What are the final remaining true-up amounts for the period January  
18 2009 - December 2009 for both divisions?

19 A. In Marianna (Northwest division) the final remaining true-up amount  
20 was an under-recovery of \$1,378,165. The final remaining true-up  
21 amount for Fernandina Beach (Northeast division) was an over  
22 recovery of \$2,241,870.

23 Q. What are the estimated true-up amounts for the period of January  
24 2010 - December 2010?

25 A. In Marianna (Northwest division), there is an estimated under-  
26 recovery of \$84,888. Fernandina Beach (Northeast division) has an  
27 estimated under-recovery of \$494,751.

28 Q. What will the total fuel adjustment factor, excluding demand cost  
29 recovery, be for both divisions for the period?

1 A. In Marianna (Northwest division) the total fuel adjustment factor  
2 as shown on Line 33, Schedule E1, is 7.609¢ per KWH. In Fernandina  
3 Beach (Northwest division) the total fuel adjustment factor for  
4 "other classes", as shown on Line 43, Schedule E1, amounts to  
5 6.640¢ per KWH.

6 Q. Please advise what a residential customer using 1,000 KWH will pay  
7 for the period January 2011 - December 2011 including base rates,  
8 conservation cost recovery factors, and fuel adjustment factor and  
9 after application of a line loss multiplier.

10 A. In Marianna (Northwest division) a residential customer using 1,000  
11 KWH will pay \$151.70, a decrease of \$3.82 from the previous period.  
12 In Fernandina Beach (Northeast division) a customer will pay  
13 \$131.98, an increase of \$0.18 from the previous period.

14 Q. Does this conclude your testimony?

15 A. Yes.

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FUEL AND PURCHASED POWER**  
**COST RECOVERY CLAUSE CALCULATION**

SCHEDULE E1  
PAGE 1 OF 2

ESTIMATED FOR THE PERIOD: JANUARY 2011 - DECEMBER 2011

**MARIANNA (NORTHWEST DIVISION)**

	(a)	(b)	(c)
	DOLLARS	MWH	CENTS/KWH
1 Fuel Cost of System Net Generation (E3)		0	
2 Nuclear Fuel Disposal Costs (E2)			
3 Coal Car Investment			
4 Adjustments to Fuel Cost			
5 TOTAL COST OF GENERATED POWER (LINE 1 THRU 4)	0	0	0.00000
6 Fuel Cost of Purchased Power (Exclusive of Economy) (E7)		347,459	
7 Energy Cost of Sched C & X Econ Purch (Broker) (E9)			
8 Energy Cost of Other Econ Purch (Non-Broker) (E9)			
9 Energy Cost of Sched E Economy Purch (E9)			
10 Demand & Transformation Cost of Purch Power (E2)		347,459	
10a Demand Costs of Purchased Power			
10b Transformation Energy & Customer Costs of Purchased Power			
11 Energy Payments to Qualifying Facilities (E8a)			
12 TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)		347,459	
13 TOTAL AVAILABLE KWH (LINE 5 + LINE 12)		347,459	
14 Fuel Cost of Economy Sales (E6)			
15 Gain on Economy Sales (E6)			
16 Fuel Cost of Unit Power Sales (SL2 Partpts) (E6)			
17 Fuel Cost of Other Power Sales			
18 TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	0.00000
19 Net Inadvertent Interchange			
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINE 5 + 12 + 18 + 19)		347,459	
21 Net Unbilled Sales	0 *	0	0.00000
22 Company Use	24,325 *	239	0.00748
23 T & D Losses	2,244,630 *	22,054	0.69030
24 SYSTEM MWH SALES		325,166	
25 Less Total Demand Cost Recovery			
26 Jurisdictional MWH Sales	23,262,527	325,166	7.15405
26a Jurisdictional Loss Multiplier	1.00000	1.00000	
27 Jurisdictional MWH Sales Adjusted for Line Losses	23,262,527	325,166	7.15405
28 GPIF **			
29 TRUE-UP **	1,463,053	325,166	0.44994
30 TOTAL JURISDICTIONAL FUEL COST	24,725,580	325,166	7.60399
31 Revenue Tax Factor			1.00072
32 Fuel Factor Adjusted for Taxes			7.60946
33 FUEL FAC ROUNDED TO NEAREST .001 CENTS/KWH			7.609

\* For Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

\*\*\* Calculation on Schedule E1 Page 2

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 100001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
(MC-1)  
PAGE 1 OF 14

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL FACTOR ADJUSTED FOR  
LINE LOSS MULTIPLIER  
ESTIMATED FOR THE PERIOD: JANUARY 2011 - DECEMBER 2011

**MARIANNA (NORTHWEST DIVISION)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1)/((2)*4,380)			(3)*(4)	(1)*(5)	(6)/Total Col. (6)	(7)/Total Col. (7)
Rate Schedule	KWH Sales	12 CP Load Factor	CP KW At Meter	Demand Loss Factor	Energy Loss Factor	CP KW At GEN.	KWH At GEN.	12 CP Demand Percentage	Energy Percentage
34 RS	141,977,000	58.020%	55,868.4	1.089	1.030	60,840.7	146,236,310	51.17%	43.66%
35 GS	28,412,000	63.781%	10,170.4	1.089	1.030	11,075.6	29,264,360	9.32%	8.74%
36 GSD	90,208,000	75.860%	27,149.3	1.089	1.030	29,565.6	92,914,240	24.87%	27.74%
37 GSLD	59,472,000	86.886%	15,627.5	1.089	1.030	17,018.3	61,256,160	14.31%	18.29%
38 OL, OL1	3,958,000	321.886%	280.7	1.089	1.030	305.7	4,076,740	0.26%	1.22%
39 SL1, SL2 & SL3	1,139,000	321.886%	80.8	1.089	1.030	88.0	1,173,170	0.07%	0.35%
40 TOTAL	<u>325,166,000</u>		<u>109,177.1</u>			<u>118,893.9</u>	<u>334,920,980</u>	<u>100.00%</u>	<u>100.00%</u>

	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	12/13 * (8)	1/13 * (9)	(10) + (11)	Fat. Col. 13 * (12)	(13)/(1)	(14) * 1.00072 Demand Cost	Other Charges	(15) + (16)
Rate Schedule	12/13 Of 12 CP	1/13 Of Energy	Demand Allocatio Percentage	Demand Dollars	Demand Cost Recovery	Recovery Adj for Taxes	Other Charges	Levelized Adjustment
41 RS	47.23%	3.37%	50.60%					\$0.11925
42 GS	8.60%	0.67%	9.27%					\$0.11560
43 GSD	22.96%	2.13%	25.09%					\$0.10977
44 GSLD	13.21%	1.41%	14.62%					\$0.10586
45 OL, OL1	0.24%	0.09%	0.33%					\$0.08619
46 SL1, SL2 & SL3	0.06%	0.03%	0.09%					\$0.08566
47 TOTAL	<u>92.30%</u>	<u>7.70%</u>	<u>100.00%</u>					

Step Rate Allocation for Residential Customers

	(18)	(19)	(20)	(21)
				(19) * (20)
Rate Schedule	Allocation	Annual kWh	Levelized Adj.	Revenues
48 RS	Sales	141,977,000	\$0.11925	\$16,930,757
49 RS	<= 1,000kWh/mo.	89,104,000	\$0.11553	\$10,293,824
50 RS	> 1,000 kWh/mo.	52,873,000	\$0.12553	\$6,636,933
51 RS	Total Sales	141,977,000		\$16,930,757

(2) From Gulf Power Co. 2003 Load Research results.  
(4) From Fernandina Rate Case.

FLORIDA PUBLIC UTILITIES COMPANY  
CALCULATION OF TRUE-UP SURCHARGE  
APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD  
JANUARY 2010 - DECEMBER 2010  
BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED

MARIANNA (NORTHWEST DIVISION)

Under-recovery of purchased power costs for the period January 2010 -  
December 2010. (See Schedule E1-B, Calculation of Estimated  
Purchased Power Costs and Calculation of True-Up and Interest  
Provision for the Twelve Month Period ended December 2010;  
(Estimated)

\$ 1,463,053

Estimated kilowatt hour sales for the months of January 2011 -  
December 2011 as per estimate filed with the Commission.

325,166,000

Cents per kilowatt hour necessary to collect under-recovered  
purchased power costs over the period January 2011 - December 2011.

0.44994



FLORIDA PUBLIC UTILITIES COMPANY  
 MARIANNA (NORTHWEST DIVISION)  
 FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2011 - DECEMBER 2011

LINE NO.	(a)	(b)	(c) ESTIMATED	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	LINE NO.
	2010 JANUARY	2010 FEBRUARY	2010 MARCH	2010 APRIL	2010 MAY	2010 JUNE	2010 JULY	2010 AUGUST	2010 SEPTEMBER	2010 OCTOBER	2010 NOVEMBER	2010 DECEMBER	TOTAL PERIOD	
1													0	1
1a													0	1a
2													0	2
3														3
3a														3a
3b													0	3b
4													0	4
5														5
6														6
7	1,970,613	1,865,367	1,824,358	1,551,881	1,652,747	2,037,016	2,294,502	2,290,021	2,194,268	2,024,408	1,691,272	1,846,073	23,262,527	7
7a	27,555	26,338	25,467	21,577	23,017	28,503	32,179	32,115	30,748	28,323	23,567	25,777	325,168	7a
7b	7.15156	7.15835	7.16362	7.19229	7.18055	7.14667	7.13043	7.13069	7.1363	7.14758	7.17644	7.16171	7.15405	7b
8	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	8
9	7.15156	7.15835	7.16362	7.19229	7.18055	7.14667	7.13043	7.13069	7.13630	7.14758	7.17644	7.16171	7.15405	9
10														10
11	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	0.44994	11
12	7.60150	7.60829	7.61356	7.64223	7.63049	7.59661	7.58037	7.58063	7.58624	7.58752	7.62638	7.61165	7.60399	12
13	0.00072	0.00547	0.00548	0.00550	0.00549	0.00547	0.00546	0.00546	0.00546	0.00547	0.00549	0.00548	0.00547	13
14	7.60697	7.61377	7.61904	7.64773	7.63598	7.60208	7.58583	7.58609	7.59170	7.60299	7.63187	7.61713	7.60946	14
15	7.607	7.614	7.619	7.648	7.636	7.602	7.586	7.586	7.592	7.603	7.632	7.617	7.609	15

**FLORIDA PUBLIC UTILITIES COMPANY  
 MARIANNA (NORTHWEST DIVISION)  
 PURCHASED POWER  
 (EXCLUSIVE OF ECONOMY ENERGY PURCHASES)**

ESTIMATED FOR THE PERIOD: JANUARY 2011 - DECEMBER 2011

(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)
MONTH	PURCHASED FROM	TYPE & SCHEDULE	TOTAL KWH PURCHASED	KWH FOR OTHER UTILITIES	KWH FOR INTERRUPTIBLE	KWH FOR FIRM	CENTS/KWH		TOTAL \$ FOR FUEL ADJ. (7) x (B) (A)		
							(A) FUEL COST	(B) TOTAL COST			
JANUARY 2011	GULF POWER COMPANY	RE	29,444,171			29,444,171					
FEBRUARY 2011	GULF POWER COMPANY	RE	28,143,733			28,143,733					
MARCH 2011	GULF POWER COMPANY	RE	27,213,018			27,213,018					
APRIL 2011	GULF POWER COMPANY	RE	23,056,319			23,056,319					
MAY 2011	GULF POWER COMPANY	RE	24,595,046			24,595,046					
JUNE 2011	GULF POWER COMPANY	RE	30,457,166			30,457,166					
JULY 2011	GULF POWER COMPANY	RE	34,385,192			34,385,192					
AUGUST 2011	GULF POWER COMPANY	RE	34,316,804			34,316,804					
SEPTEMBER 2011	GULF POWER COMPANY	RE	32,856,083			32,856,083					
OCTOBER 2011	GULF POWER COMPANY	RE	30,264,825			30,264,825					
NOVEMBER 2011	GULF POWER COMPANY	RE	25,182,754			25,182,754					
DECEMBER 2011	GULF POWER COMPANY	RE	27,544,271			27,544,271					
<b>TOTAL</b>			<b>347,459,381</b>	<b>0</b>	<b>0</b>	<b>347,459,381</b>					

**FLORIDA PUBLIC UTILITIES COMPANY  
 MARIANNA (NORTHWEST DIVISION)  
 RESIDENTIAL BILL COMPARISON  
 FOR MONTHLY USAGE OF 1000 KWH**

ESTIMATED FOR THE PERIOD: JANUARY 2011 - DECEMBER 2011

	JANUARY 2011	FEBRUARY 2011	MARCH 2011	APRIL 2011	MAY 2011	JUNE 2011	JULY 2011
BASE RATE REVENUES ** \$	32.38	32.38	32.38	32.38	32.38	32.38	32.38
FUEL RECOVERY FACTOR CENTS/KWH	11.55	11.55	11.55	11.55	11.55	11.55	11.55
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES \$	115.53	115.53	115.53	115.53	115.53	115.53	115.53
GROSS RECEIPTS TAX	3.79	3.79	3.79	3.79	3.79	3.79	3.79
TOTAL REVENUES *** \$	151.70	151.70	151.70	151.70	151.70	151.70	151.70

	AUGUST 2011	SEPTEMBER 2011	OCTOBER 2011	NOVEMBER 2011	DECEMBER 2011	PERIOD TOTAL
BASE RATE REVENUES ** \$	32.38	32.38	32.38	32.38	32.38	388.56
FUEL RECOVERY FACTOR CENTS/KWH	11.55	11.55	11.55	11.55	11.55	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES \$	115.53	115.53	115.53	115.53	115.53	1,386.36
GROSS RECEIPTS TAX	3.79	3.79	3.79	3.79	3.79	45.48
TOTAL REVENUES *** \$	151.70	151.70	151.70	151.70	151.70	1,820.40

\* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

\*\* BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE 12.00  
 CENTS/KWH 19.58  
 CONSERVATION FACTOR 0.800

32.38

\*\*\* EXCLUDES FRANCHISE TAXES

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 100001-E1  
 FLORIDA PUBLIC UTILITIES COMPANY  
 (MC-1)  
 PAGE 6 OF 14

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2011 THROUGH DECEMBER 2011

**FERNANDINA BEACH (NORTHEAST DIVISION)**

	(a) DOLLARS	(b) MWH	(c) CENTS/KWH
1 Fuel Cost of System Net Generation (E3)			
2 Nuclear Fuel Disposal Costs (E2)			
3 Coal Car Investment			
4 Adjustments to Fuel Cost			
5 TOTAL COST OF GENERATED POWER (LINE 1 THRU 4)	0	0	0.00000
6 Fuel Cost of Purchased Power (Exclusive of Economy) (E7)	21,077,571	404,546	5.21018
7 Energy Cost of Sched C & X Econ Purch (Broker) (E9)			
8 Energy Cost of Other Econ Purch (Non-Broker) (E9)			
9 Energy Cost of Sched E Economy Purch (E9)			
10 Demand & Non Fuel Cost of Purch Power (E2)	19,357,185	404,546	4.78492
10a Demand Costs of Purchased Power	12,581,571 *		
10b Non-fuel Energy & Customer Costs of Purchased Power	6,775,614 *		
11 Energy Payments to Qualifying Facilities (E8a)	457,761	8,628	5.30553
12 TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	40,892,517	413,174	9.89717
13 TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	40,892,517	413,174	9.89717
14 Fuel Cost of Economy Sales (E6)			
15 Gain on Economy Sales (E6)			
16 Fuel Cost of Unit Power Sales (SL2 Partpts) (E6)			
17 Fuel Cost of Other Power Sales			
18 TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	0.00000
19 Net Inadvertent Interchange			
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINE 5 + 12 + 18 + 19)	40,892,517	413,174	9.89717
21 Net Unbilled Sales	0 *	0	0.00000
22 Company Use	44,240 *	447	0.01116
23 T & D Losses	1,622,839 *	16,397	0.40947
24 SYSTEM MWH SALES	40,892,517	396,330	10.31780
25 Wholesale MWH Sales			
26 Jurisdictional MWH Sales	40,892,517	396,330	10.31780
26a Jurisdictional Loss Multiplier	1.00000	1.00000	
27 Jurisdictional MWH Sales Adjusted for Line Losses	40,892,517	396,330	10.31780
27a GSLD1 MWH Sales		64,990	
27b Other Classes MWH Sales		331,340	
27c GSLD1 CP KW		518,416 *	
28 GPIF **			
29 TRUE-UP (OVER) UNDER RECOVERY **	(1,747,119)	396,330	-0.44082
30 TOTAL JURISDICTIONAL FUEL COST	39,145,398	396,330	9.87697
30a Demand Purchased Power Costs (Line 10a)	12,581,571 *		
30b Non-demand Purchased Power Costs (Lines 6 + 10b + 11)	28,310,946 *		
30c True up Over/Under Recovery (Line 29)	(1,747,119) *		

\* For Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 100001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
(MC-1)  
PAGE 7 OF 14

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FUEL AND PURCHASED POWER**  
**COST RECOVERY CLAUSE CALCULATION**

ESTIMATED FOR THE PERIOD: JANUARY 2011 THROUGH DECEMBER 2011

**FERNANDINA BEACH (NORTHEAST DIVISION)**

	(a)	(b)	(c)
	DOLLARS	MWH	CENTS/KWH
<b>APPORTIONMENT OF DEMAND COSTS</b>			
31	Total Demand Costs (Line 30a)	12,581,571	
32	GSLD1 Portion of Demand Costs (Line 30a) Including Line Losses (Line 27c x \$2.96)	2,294,772	518,416 (KW) \$4.43 /KW
33	Balance to Other Classes	10,286,799	331,340 3.10461
<b>APPORTIONMENT OF NON-DEMAND COSTS</b>			
34	Total Non-demand Costs (Line 30b)	28,310,946	
35	Total KWH Purchased (Line 12)		413,174
36	Average Cost per KWH Purchased		6.85206
37	Average Cost Adjusted for Line Losses (Line 36 x 1.03)		7.04314
38	GSLD1 Non-demand Costs (Line 27a x Line 37)	4,577,335	64,990 7.04314
39	Balance to Other Classes	23,733,611	331,340 7.16292
<b>GSLD1 PURCHASED POWER COST RECOVERY FACTORS</b>			
40a	Total GSLD1 Demand Costs (Line 32)	2,294,772	518,416 (KW) \$4.43 /KW
40b	Revenue Tax Factor		1.00072
40c	GSLD1 Demand Purchased Power Factor Adjusted for Taxes & Rounded		\$4.43 /KW
40d	Total Current GSLD1 Non-demand Costs (Line 38)	4,577,335	64,990 7.04314
40e	Total Non-demand Costs Including True-up	4,577,335	64,990 7.04314
40f	Revenue Tax Factor		1.00072
40g	GSLD1 Non-demand Costs Adjusted for Taxes & Rounded		7.04821
<b>OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS</b>			
41a	Total Demand & Non-demand Purchased Power Costs of Other Classes (Line 33 + 39)	34,020,410	331,340 10.26752
41b	Less: Total Demand Cost Recovery	10,286,799 ***	
41c	Total Other Costs to be Recovered	23,733,611	331,340 7.16292
41d	Other Classes' Portion of True-up (Line 30c)	(1,747,119)	331,340 -0.52729
41e	Total Demand & Non-demand Costs Including True-up	21,986,492	331,340 6.63563
42	Revenue Tax Factor		1.00072
43	Other Classes Purchased Power Factor Adjusted for Taxes & Rounded	22,002,322	6.640

\* For Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

\*\*\* Calculation on Schedule E1 Page 3

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 100001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
(MC-1)  
PAGE 8 OF 14

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2011 THROUGH DECEMBER 2011

**FERNANDINA BEACH (NORTHEAST DIVISION)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1)/(2)*8,760			(3)*(4)	(1)*(5)	(6)/Total Col. (6)	(7)/Total Col. (7)
Rate Schedule	KWH Sales	12 CP Load Factor	CP KW At Meter	Demand Loss Factor	Energy Loss Factor	CP KW At GEN.	KWH At GEN.	12 CP Demand Percentage	Energy Percentage
44 RS	188,478,000	58.560%	36,741.4	1.089	1.030	40,011.4	194,132,340	62.06%	58.88%
45 GS	28,933,000	64.140%	5,149.4	1.089	1.030	5,607.7	29,800,990	8.70%	8.73%
46 GSD	85,588,000	74.840%	13,054.9	1.089	1.030	14,216.8	88,155,640	22.05%	25.83%
47 GS LD	25,806,000	69.850%	4,217.5	1.089	1.030	4,592.9	26,580,180	7.12%	7.79%
48 OL	1,389,000	696.444%	22.8	1.089	1.030	24.8	1,430,670	0.04%	0.42%
49 SL	1,148,000	696.444%	18.8	1.089	1.030	20.5	1,180,380	0.03%	0.35%
<b>TOTAL</b>	<b>331,340,000</b>		<b>59,204.8</b>			<b>64,474.1</b>	<b>341,280,200</b>	<b>100.00%</b>	<b>100.00%</b>

Rate Schedule	(10) 12/13 * (8) 12/13 Of 12 CP	(11) 1/13 * (9) 1/13 Of Energy	(12) {10} + {11} Demand Allocation Percentage	(13) Tot. Col. 13 * (12) Demand Dollars	(14) {13}/(1) Demand Cost Recovery	(15) {14} * 1.00072 Demand Cost Recovery Adj for Taxes	(16) Other Charges	(17) {15} + {16} Levelized Adjustment
50 RS	57.28%	4.38%	61.66%	\$6,342,840	0.03365	0.03367	0.06640	0.10007
51 GS	8.03%	0.67%	8.70%	894,952	0.03093	0.03095	0.06640	0.09735
52 GSD	20.35%	1.99%	22.34%	2,298,071	0.02685	0.02687	0.06640	0.09327
53 GS LD	6.57%	0.60%	7.17%	737,563	0.02858	0.02860	0.06640	0.09500
54 OL	0.04%	0.03%	0.07%	7,201	0.00518	0.00518	0.06640	0.07158
55 SL	0.03%	0.03%	0.06%	6,172	0.00539	0.00539	0.06640	0.07179
<b>TOTAL</b>	<b>92.30%</b>	<b>7.70%</b>	<b>100.00%</b>	<b>\$10,286,799</b>				

Step Rate Allocation for Residential Customers

Rate Schedule	(18) Allocation Sales	(19) Annual kWh	(20) Levelized Adj.	(21) {19} * {20} Revenues
48 RS		188,478,000	\$0.10007	\$18,860,993
49 RS	<= 1,000kWh/mo.	117,452,000	\$0.09630	\$11,310,816
50 RS	> 1,000 kWh/mo.	71,026,000	\$0.10630	\$7,550,178
51 RS	Total Sales	188,478,000		\$18,860,993

(2) From Florida Power & Light Co. 2007 Load Research results.  
(4) From Fernandina Beach Rate Case 881056-EI.

**FLORIDA PUBLIC UTILITIES COMPANY**  
**CALCULATION OF TRUE-UP SURCHARGE**  
**APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD**  
**JANUARY 2010 - DECEMBER 2010**  
**BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED OPERATIONS**

**FERNANDINA BEACH (NORTHEAST DIVISION)**

Over-recovery of purchased power costs for the period January 2010 - December 2010. (See Schedule E1-B, Calculation of Estimated Purchased Power Costs and Calculation of True- Up and Interest Provision for the Twelve Month Period ended December 2010.)(Estimated)	\$ (1,747,119)
Estimated kilowatt hour sales for the months of January 2011- December 2011 as per estimate filed with the Commission. (Excludes GSLD1 customers)	331,340,000
Cents per kilowatt hour necessary to refund over-recovered purchased power costs over the period January 2011 - December 2011	-0.52729

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FERNANDINA BEACH (NORTHEAST DIVISION)**  
**FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION**

ESTIMATED FOR THE PERIOD: JANUARY 2011 THROUGH DECEMBER 2011

LINE NO.		(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	LINE NO.
		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL PERIOD	
1	FUEL COST OF SYSTEM GENERATION													0	1
1a	NUCLEAR FUEL DISPOSAL													0	1a
2	FUEL COST OF POWER SOLD													0	2
3	FUEL COST OF PURCHASED POWER	1,694,804	1,615,511	1,646,816	1,468,009	1,504,172	1,779,536	2,134,880	2,109,434	1,911,675	1,924,657	1,622,691	1,665,386	21,077,571	3
3a	DEMAND & NON FUEL COST OF PUR POWER	1,822,567	1,723,889	1,490,719	1,387,960	1,486,664	1,727,885	1,833,161	1,887,694	1,803,009	1,442,676	1,255,551	1,495,390	19,357,166	3a
3b	QUALIFYING FACILITIES	36,964	36,964	36,964	36,964	36,964	36,964	36,964	36,964	36,964	41,695	41,695	41,695	457,761	3b
4	ENERGY COST OF ECONOMY PURCHASES													0	4
5	TOTAL FUEL & NET POWER TRANSACTIONS (SUM OF LINES A-1 THRU A-4)	3,554,335	3,376,364	3,174,499	2,892,953	3,027,800	3,544,365	4,005,005	4,034,092	3,751,648	3,409,026	2,919,937	3,202,471	40,892,517	5
5a	LESS: TOTAL DEMAND COST RECOVERY	1,102,148	1,027,850	690,135	737,292	824,858	886,494	977,434	1,039,791	920,990	718,718	613,904	747,185	10,266,799	5a
5b	TOTAL OTHER COST TO BE RECOVERED	2,452,187	2,348,514	2,484,364	2,155,661	2,202,942	2,657,891	3,027,571	2,994,301	2,830,658	2,690,310	2,306,033	2,455,286	30,605,718	5b
6	APPORTIONMENT TO GSLD1 CLASS	678,328	576,354	722,303	572,745	539,397	593,458	501,311	560,609	558,002	419,392	465,477	684,729	6,672,107	6
6a	BALANCE TO OTHER CLASSES	1,773,859	1,772,160	1,762,060	1,582,916	1,663,545	2,064,433	2,526,260	2,433,692	2,272,656	2,270,918	1,840,556	1,770,556	23,733,611	6a
6b	SYSTEM KWH SOLD (MWH)	32,793	31,291	31,884	28,497	29,182	34,398	41,129	40,647	36,901	33,011	27,940	26,657	396,330	6b
7	GSLD1 MWH SOLD	7,510	6,030	6,770	5,970	5,490	4,910	4,960	5,820	4,400	3,430	4,030	5,670	64,990	7
7a	BALANCE MWH SOLD OTHER CLASSES	25,283	25,261	25,114	22,527	23,692	29,458	36,169	34,827	32,501	29,581	23,910	22,987	331,340	7a
7b	COST PER KWH SOLD (CENTS/KWH) APPLICABLE TO OTHER CLASSES	7.01601	7.0154	7.01625	7.02675	7.02155	7.00033	6.9946	6.98795	6.99257	7.67695	7.69785	7.70243	7.16292	7b
8	JURISDICTIONAL LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	8
9	JURISDICTIONAL COST (CENTS/KWH)	7.01601	7.01540	7.01625	7.02675	7.02155	7.00093	6.98460	6.98795	6.99257	7.67695	7.69785	7.70243	7.16292	9
10	GPIF (CENTS/KWH)														10
11	TRUE-UP (CENTS/KWH)	(1,747,119)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	(0,52729)	11
12	TOTAL	6,48872	6,48811	6,48896	6,49946	6,49426	6,47364	6,45731	6,46066	6,46628	7,14966	7,17056	7,17514	6,63563	12
13	REVENUE TAX FACTOR	0.00072	0.00467	0.00467	0.00468	0.00468	0.00468	0.00465	0.00465	0.00466	0.00515	0.00516	0.00517	0.00478	13
14	RECOVERY FACTOR ADJUSTED FOR TAXES	6.49339	6.49276	6.49363	6.50414	6.49894	6.47830	6.46196	6.46531	6.46904	7.15481	7.17572	7.18931	6.64041	14
15	RECOVERY FACTOR ROUNDED TO NEAREST 001 CENT/KWH	6.493	6.493	6.494	6.504	6.499	6.478	6.462	6.465	6.47	7.155	7.176	7.18	6.640	15



**FLORIDA PUBLIC UTILITIES COMPANY  
 FERNANDINA BEACH (NORTHEAST DIVISION)  
 PURCHASED POWER  
 (EXCLUSIVE OF ECONOMY ENERGY PURCHASES)**

ESTIMATED FOR THE PERIOD: JANUARY 2011 THROUGH DECEMBER 2011

(1) MONTH	(2) PURCHASED FROM	(3) TYPE & SCHEDULE	(4) TOTAL KWH PURCHASED	(5) KWH FOR OTHER UTILITIES	(6) KWH FOR INTERRUPTIBLE	(7) KWH FOR FIRM	(8) CENTS/KWH		(9) TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
JANUARY 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	33,467,703			33,467,703	5.063999	10.509747	1,694,804
FEBRUARY 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	31,901,868			31,901,868	5.064001	10.467726	1,615,511
MARCH 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	32,520,070			32,520,070	5.063999	9.647996	1,646,816
APRIL 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	28,989,123			28,989,123	5.063999	9.851933	1,468,009
MAY 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	29,703,235			29,703,235	5.064001	10.069058	1,504,172
JUNE 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	35,140,915			35,140,915	5.064000	9.981018	1,779,536
JULY 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	42,157,983			42,157,983	5.063999	9.412312	2,134,880
AUGUST 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	41,655,498			41,655,498	5.063999	9.595679	2,109,434
SEPTEMBER 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	37,750,293			37,750,293	5.064000	9.840146	1,911,675
OCTOBER 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	33,694,968			33,694,968	5.712001	9.993578	1,924,657
NOVEMBER 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	28,408,450			28,408,450	5.712001	10.131640	1,622,691
DECEMBER 2011	JACKSONVILLE ELECTRIC AUTHORITY	MS	29,155,923			29,155,923	5.711999	10.840940	1,665,386
<b>TOTAL</b>			<b>404,546,029</b>	<b>0</b>	<b>0</b>	<b>404,546,029</b>	<b>5.210179</b>	<b>9.995094</b>	<b>21,077,571</b>

FLORIDA PUBLIC UTILITIES COMPANY  
 FERNANDINA BEACH (NORTHEAST DIVISION)  
 PURCHASED POWER  
 ENERGY PAYMENT TO QUALIFYING FACILITIES

ESTIMATED FOR THE PERIOD: JANUARY 2011 THROUGH DECEMBER 2011

(1) MONTH	(2) PURCHASED FROM	(3) TYPE & SCHEDULE	(4) TOTAL KWH PURCHASED	(5) KWH FOR OTHER UTILITIES	(6) KWH FOR INTERRUPTIBLE	(7) KWH FOR FIRM	(8) CENTS/KWH		(9) TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
JANUARY 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
FEBRUARY 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
MARCH 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
APRIL 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
MAY 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
JUNE 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
JULY 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
AUGUST 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
SEPTEMBER 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.141029	5.141029	36,964
OCTOBER 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.799026	5.799026	41,695
NOVEMBER 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.799026	5.799026	41,695
DECEMBER 2011	JEFFERSON SMURFIT CORPORATION		719,000			719,000	5.799026	5.799026	41,695
<b>TOTAL</b>			8,628,000	0	0	8,628,000	5.305529	5.305529	457,761

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 100001-EI  
 FLORIDA PUBLIC UTILITIES COMPANY  
 (MC-1)  
 PAGE 13 OF 14

FLORIDA PUBLIC UTILITIES COMPANY  
 FERNANDINA BEACH (NORTHEAST DIVISION)  
 RESIDENTIAL BILL COMPARISON

ESTIMATED FOR THE PERIOD: JANUARY 2011 THROUGH DECEMBER 2011

JANUARY 2011	FEBRUARY 2011	MARCH 2011	APRIL 2011	MAY 2011	JUNE 2011	JULY 2011
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BASE RATE REVENUES ** \$	32.38	32.38	32.38	32.38	32.38	32.38	32.38
FUEL RECOVERY FACTOR CENTS/KWH	9.63	9.63	9.63	9.63	9.63	9.63	9.63
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES \$	96.30	96.30	96.30	96.30	96.30	96.30	96.30
GROSS RECEIPTS TAX	3.30	3.30	3.30	3.30	3.30	3.30	3.30
TOTAL REVENUES *** \$	131.98	131.98	131.98	131.98	131.98	131.98	131.98

AUGUST 2011	SEPTEMBER 2011	OCTOBER 2011	NOVEMBER 2011	DECEMBER 2011
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PERIOD TOTAL
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BASE RATE REVENUES ** \$	32.38	32.38	32.38	32.38	32.38	388.56
FUEL RECOVERY FACTOR CENTS/KWH	9.63	9.63	9.63	9.63	9.63	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES \$	96.30	96.30	96.30	96.30	96.30	1,155.60
GROSS RECEIPTS TAX	3.30	3.30	3.30	3.30	3.30	39.60
TOTAL REVENUES *** \$	131.98	131.98	131.98	131.98	131.98	1,583.76

\* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

\*\* BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE 12.00  
 CENTS/KWH 19.58  
 CONSERVATION FACTOR 0.800

32.38

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 100001-E1  
 FLORIDA PUBLIC UTILITIES COMPANY  
 (MC-1)  
 PAGE 14 OF 14

\*\*\* EXCLUDES FRANCHISE TAXES