BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 020001-EI
CONTINUING SURVEILLANCE AND REVIEW OF
FUEL COST RECOVERY CLAUSES OF ELECTRIC UTILITIES

Direct Testimony of
George M. Bachman
On Behalf of
Florida Public Utilities Company

1   Q.   Please state your name and business address.

2   A.   George M. Bachman, 401 South Dixie Highway, West Palm Beach, FL

3   33401.

4   Q.   By whom are you employed?

5   A.   I am employed by Florida Public Utilities Company.

6   Q.   Have you previously testified in this Docket?

7   A.   Yes.

8   Q.   What is the purpose of your testimony at this time?

9   A.   I will briefly describe the basis for the computations that were

10   made in the preparation of the various Schedules that we have

11   submitted in support of the January 2003 - December 2003 fuel cost

12   recovery adjustments for our two electric divisions. In addition,

13   I will advise the Commission of the projected differences between

14   the revenues collected under the levelized fuel adjustment and the

15   purchased power costs allowed in developing the levelized fuel

16   adjustment for the period January 2002 - December 2002 and to

17   establish a "true-up" amount to be collected or refunded during

18   January 2003 - December 2003.

19   Q.   Were the schedules filed by your Company completed under your

20   direction?

21   A.   Yes.

22   Q.   Which of the Staff's set of schedules has your company completed

23   and filed?

24   A.   We have filed Schedules E1, E1A, E1-B, E1B-1, E2, E7, and E10 for

1   Marianna and E1, E1A, E1-B, E1-B1, E2, E7, E8, and E10 for

2   Fernandina Beach. They are included in Composite Prehearing

3   Identification Number GMB-2. Schedule E1-B and E1-B1 for both

4   Marianna and Fernandina Beach were filed last week in Composite

5   Prehearing Identification Number GMB-1.

6   These schedules support the calculation of the levelized fuel

7   adjustment factor for January 2003 - December 2003. Schedule E1-B

8   shows the Calculation of Purchased Power Costs and Calculation of

9   True-Up and Interest Provision for the period January 2002 -

10   December 2002 based on 6 Months Actual and 6 Months Estimated data.

11   Q.   In derivation of the projected cost factor for the January 2003 -

12   December 2003, period, did you follow the same procedures that were

13   used in the prior period filings?

14   A.   Yes.

15   Q   Why has the GSLD rate class for Fernandina Beach been excluded from

16   these computations?

17   A.   Demand and other purchased power costs are assigned to the GSLD

18   rate class directly based on their actual CP KW and their actual

19   KWH consumption. That procedure for the GSLD class has been in use

20   for several years and has not been changed herein. Costs to be

21   recovered from all other classes is determined after deducting from

22   total purchased power costs those costs directly assigned to GSLD.

23   Q.   How will the demand cost recovery factors for the other rate

24   classes be used?

25   A.   The demand cost recovery factors for each of the RS, GS, GSD and

26   OL-SL rate classes will become one element of the total cost

27   recovery factor for those classes. All other costs of purchased

28   power will be recovered by the use of the levelized factor that is

29   the same for all those rate classes. Thus the total factor for each

2

| 1 | | class will be the sum of the respective demand cost factor and the |

1   class will be the sum of the respective demand cost factor and the

2   levelized factor for all other costs.

3   Q.   Please address the calculation of the total true-up amount to be

4   collected or refunded during the January 2003 - December 2003.

5   A.   We have determined that at the end of December 2002 based on six

6   months actual and six months estimated, we will have under-

7   recovered $147,999 in purchased power costs in our Marianna

8   division. Based on estimated sales for the period January 2003 -

9   December 2003, it will be necessary to add .04802¢ per KWH to

10   collect this under-recovery.

11   In Fernandina Beach we will have over-recovered $328,323 in

12   purchased power costs. This amount will be refunded at .09844¢ per

13   KWH during the January 2003 - December 2003 period (excludes GSLD

14   customers). Page 3 and 10 of Composite Prehearing Identification

15   Number GMB-2 provides a detail of the calculation of the true-up

16   amounts.

17   Q.   Looking back upon the January 2001 - December 2001 period, what

18   were the actual End of Period - True-Up amounts for Marianna and

19   Fernandina Beach, and their significance, if any?

20   A.   The Marianna Division experienced an under-recovery of $151,039 and

21   Fernandina Beach Division over-recovered $116,653. The amounts

22   both represent fluctuations of less than 10% from the total fuel

23   charges for the period and are not considered significant variances

24   from projections.

25   Q.   What are the final remaining true-up amounts for the period January

26   2001 - December 2001 for both divisions?

27   A.   In Marianna the final remaining true-up amount was an under-

28   recovery of $88,866. The final remaining true-up amount for

29   Fernandina Beach was over-recovery of $133,516.

1	Q.	What are the estimated true-up amounts for the period of January
2		2002 – December 2002.
3	A.	In Marianna, there is an estimated under-recovery of $59,133.
4		Fernandina Beach has an estimated over-recovery of $194,807.
5	Q.	What will the total fuel adjustment factor, excluding demand cost
6		recovery, be for both divisions for the period?
7	A.	In Marianna the total fuel adjustment factor as shown on Line 33,
8		Schedule E1, is 2.248¢ per KWH. In Fernandina Beach the total fuel
9		adjustment factor for "other classes", as shown on Line 43,
10		Schedule E1, amounts to 2.272¢ per KWH.
11	Q.	Please advise what a residential customer using 1,000 KWH will pay
12		for the period January 2002 – December 2002 including base rates,
13		conservation cost recovery factors, and fuel adjustment factor and
14		after application of a line loss multiplier.
15	A.	In Marianna a residential customer using 1,000 KWH will pay $61.25,
16		a decrease of 1.79 from the previous period. In Fernandina Beach a
17		customer will pay $57.82, a decrease of $2.09 from the previous
18		period.
19	Q.	Does this conclude your testimony?
20	A.	Yes.