

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 970001-EI
CONTINUING SURVEILLANCE AND REVIEW OF
FUEL COST RECOVERY CLAUSES OF ELECTRIC UTILITIES

ORIGINAL
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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 April 1997 - September 1997 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 October 1996 - March 1997 and to
17 establish a "true-up" amount to be collected or refunded during
18 April 1997 - September 1997
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?

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FPSC-RECORDS/REPORTING

1 A. We have filed Schedules E1, E1A, E1-B, E1B-1, E2, E7, E8 and E10
2 for Marianna and Fernandina Beach. They are included in Composite
3 Prehearing Identification Number GMB-3.

4 These schedules support the calculation of the levelized fuel
5 adjustment factor for April 1997 - September 1997. Schedule E1-B
6 shows the Calculation of Purchased Power Costs and Calculation of
7 True-Up and Interest Provision for the period October 1996 - March
8 1997 based on 2 Months Actual and 4 Months Estimated data.

9 Q. In derivation of the projected cost factor for the April 1997 -
10 September 1997 period, did you follow the same procedures that were
11 used in the prior period filings?

12 A. Yes.

13 Q Why has the GSLD rate class for Fernandina Beach been excluded from
14 these computations?

15 A. Demand and other purchased power costs are assigned to the GSLD
16 rate class directly based on their actual CP KW and their actual
17 KWH consumption. That procedure for the GSLD class has been in use
18 for several years and has not been changed herein. Costs to be
19 recovered from all other classes is determined after deducting from
20 total purchased power costs those costs directly assigned to GSLD.

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

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

1 Q. Please address the calculation of the total true-up amount to be
2 collected or refunded during the April 1997 - September 1997
3 period.

4 A. We have determined that at the end of March 1997 based on two
5 months actual and four months estimated, we will have over-
6 recovered \$491,914 in purchased power costs in our Marianna
7 division. Based on estimated sales for the period April 1997 -
8 September 1997, it will be necessary to subtract .33106¢ per KWH to
9 refund this over-recovery.

10 In Fernandina Beach we will have over-recovered \$191,913 in
11 purchased power costs. This amount will be refunded at .14153¢ per
12 KWH during the April 1997 - September 1997 period. Page 3 and 12
13 of Composite Prehearing Identification Number GMB-3 provides a
14 detail of the calculation of the true-up amounts.

15 Q. Looking back upon the April 1996 - September 1996 period, what were
16 the actual End of Period - True-Up amounts for Marianna and
17 Fernandina Beach, and their significance, if any?

18 A. The Marianna Division experienced an over-recovery of \$8,729 and
19 Fernandina Beach Division under-recovered \$307,510. The amounts
20 both represent fluctuations of less than 10% from the total fuel
21 charges for the period and are not considered significant variances
22 from projections.

23 Q. What are the final remaining true-up amounts for the period April
24 1996 through September 1996 for both divisions?

25 A. In Marianna the final remaining true-up amount was an over-recovery
26 of \$459,638. The final remaining true-up amount for Fernandina
27 Beach was an under-recovery of \$56,002.

28 Q. What are the estimated true-up amounts for the period of October
29 1996 through March 1997?

1 A. In Marianna, there is an estimated over-recovery of \$32,276.
2 Fernandina Beach has an estimated over-recovery of \$247,915.

3 Q. What will the total fuel adjustment factor, excluding demand cost
4 recovery, be for both divisions for the period
5 April 1997 - September 1997?

6 A. In Marianna the total fuel adjustment factor as shown on Line 33,
7 Schedule E1, is 2.179¢ per KWH. In Fernandina Beach the total fuel
8 adjustment factor for "other classes", as shown on Line 43,
9 Schedule E1, amounts to 2.859¢ per KWH.

10 Q. Please advise what a residential customer using 1,000 KWH will pay
11 for the period April 1997 - September 1997 including base rates
12 (which include revised conservation cost recovery factors) and fuel
13 adjustment factor and after application of a line loss multiplier.

14 A. In Marianna a residential customer using 1,000 KWH will pay \$64.70,
15 a decrease of \$7.38 from the previous period. In Fernandina Beach
16 a customer will pay \$65.35, an decrease of \$6.28 from the previous
17 period.

18 Q. Does this conclude your testimony?

19 A. Yes.

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