

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment)
(PGA) True-Up)
_____)

Docket No. 010003-GU

Filed: April 30, 2001

DIRECT TESTIMONY

OF

THOMAS E. SMITH

ON BEHALF OF

NUI CITY GAS COMPANY OF FLORIDA

DOCUMENT NUMBER-DATE

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FPSC FILE RECORDS/REPORTING

1 1976, I received a Master of Science degree in Mechanical
2 Engineering from the New Jersey Institute of Technology,
3 formerly Newark College of Engineering. During my term of
4 employment at NUI, I have attended the Institute of Gas
5 Technology courses on Gas Distribution Engineering and
6 Economics for Managers, the American Gas Association's
7 (AGA) Rate Fundamentals course, the Center for Professional
8 Advancement's course on Rate Setting in Public Utilities and
9 numerous conferences, seminars, and symposiums on matters
10 relating to my job function. Currently, I am a member of the
11 American Society of Mechanical Engineers and from 1979 to
12 1988 I was a member of the AGA Rate Committee. I am also a
13 contributing author to the 4th Edition of the Gas Rates
14 Fundamentals book sponsored by the AGA Rate Committee and
15 published by AGA. I have been an instructor on Cost of Service
16 at the AGA Rates Fundamentals course at Madison, Wisconsin.

17

18 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to present the comparison of
20 Actual versus Original estimate of the purchased gas adjustment
21 cost recovery factor and true-up provision for the period January
22 2000 through December 2000 for City Gas.

23

1 Q. HAS THE COMPANY PREPARED THE FORM PRESCRIBED
2 BY THIS COMMISSION FOR THIS PURPOSE?

3 A. Yes. The Company has prepared the form prescribed by the
4 Commission, a copy of which is attached as Schedule A-7.

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6 Q. HAS CITY GAS PREPARED A SCHEDULE WHICH SHOWS
7 THE ACTUAL GAS COSTS ASSOCIATED WITH THE GAS
8 ADJUSTMENT COST RECOVERY FACTOR?

9 A. Yes. City Gas prepared Schedule A-7, attached, which
10 describes the total fuel cost for the period in question, the
11 recovery of such cost from ratepayers through the Gas
12 Adjustment Cost Recovery Factor, and the remaining over or
13 under-recovery of gas cost.

14

15 Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE
16 COMPANY DURING THE TWELVE MONTHS ENDED
17 DECEMBER 31, 2000?

18 A. As shown on Schedule A-7, Line 1, the total cost of gas for the
19 twelve months ended December 31, 2000 is \$31,145,562.

20

21 Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST
22 RECOVERED BY THE COMPANY DURING THE TWELVE
23 MONTHS ENDED DECEMBER 31, 2000?

1 A. The Company recovered \$25,066,760.

2

3 **Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE**
4 **TWELVE MONTHS ENDED DECEMBER 31, 2000?**

5 A. The actual true-up amount, including interest, is an under-
6 recovery of (\$6,163,942).

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8 **Q. CAN YOU EXPLAIN HOW YOU ARRIVED AT THAT AMOUNT**
9 **OF UNDER-RECOVERY?**

10 A. Yes. As shown on Schedule A-7, the total fuel revenues for the
11 period are \$25,066,760 and the total fuel cost is \$31,145,562.
12 The difference between the fuel cost and fuel recoveries is an
13 under-recovery of (\$6,078,802). The interest provision for the
14 period is an under-recovery of (\$85,140). The sum of these two
15 recoveries is an under-recovery of (\$6,163,942).

16

17 **Q. WHAT IS THE FINAL OVER/UNDER RECOVERY FOR THE**
18 **JANUARY 2000 THROUGH DECEMBER 2000 PERIOD TO BE**
19 **INCLUDED IN THE 2002 PROJECTION?**

20 A. The final under-recovery for the period of January 2000 through
21 December 2000 to be included in the 2002 projection is
22 (\$1,650,794). This is the difference between the actual under-
23 recovery of (\$6,163,942) and the estimated under-recovery

1 (\$4,513,148) that is included in the current cost recovery factor
2 being collected during 2001.

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

5 **A. Yes.**

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COMPANY: CITY GAS COMPANY OF FLORIDA A Division of NUI Corporation		FINAL FUEL OVER/UNDER RECOVERY	SCHEDULE A-7 (REVISED 4/30/01)
FOR THE PERIOD:		JANUARY 00 Through	DECEMBER 00
1	TOTAL ACTUAL FUEL COST FOR THE PERIOD	A-2 Line 3	\$31,145,562
2	TOTAL ACTUAL FUEL REVENUES FOR THE PERIOD	A-2 Line 6	<u>\$25,066,760</u>
3	ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Line 2- Line 1)	A-2 Line 7	(\$6,078,802)
4	INTEREST PROVISION	A-2 Line 8	(\$85,140)
5	ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Line 3 + Line 4)		(\$6,163,942)
6	LESS: ESTIMATED/ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD JANUARY Through DECEMBER (From Schedule E-2) WHICH WAS INCLUDED IN THE CURRENT PERIOD RECOVERY FACTOR (JAN 01 through DEC 01)		<u>(\$4,513,148)</u>
7	FINAL FUEL OVER/(UNDER) RECOVERY TO BE INCLUDED IN THE PROJECTED PERIOD (JAN 02 Through DEC 02) (Line 5- Line 6)		<u>(\$1,650,794)</u>