



ORIGINAL

P.O. Box 3395  
West Palm Beach, Florida 33402-3395

March 18, 2004

Ms. Blanca S. Bayo, Director  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0950

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04 MAR 22 AM 9:17  
COMMISSION  
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**Re: Docket No. 040001-E1**  
**CONTINUING SURVEILLANCE AND REVIEW OF FUEL COST**  
**RECOVERY CLAUSES OF ELECTRIC UTILITIES**

Dear Ms. Bayo:

We are enclosing twenty (20) copies of our true-up schedules and testimony for the January 2003-December 2003 period. This information is based on 12 months of actual data.

1. M 1 – Florida Public Utilities Calculation of Purchased Power Costs & Calculation of True-Up and Interest Provision – Marianna Division
2. F 1 - Florida Public Utilities Calculation of Purchased Power Costs & Calculation of True-Up and Interest Provision- Fernandina Beach Division.

Sincerely,

Cheryl Martin  
Controller

Enclosure

Cc: Kathy Welch/ FPSC  
Doc Horton  
George Bachman (no enclosure)  
Mark Cutshaw (no enclosure)  
Jack English (no enclosure)  
Mario Lacaci (no enclosure)  
Chuck Stein (no enclosure)  
SJ 80-441

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

Docket No. 040001-EI  
Fuel and Purchased Power Cost Recovery Clause

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, Florida 33401.

3 Q. By whom are you employed?

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

5 Q. Could you give a brief description of your background and business experience?

6 A. I have a Bachelor of Science Degree in Business Administration from Indiana  
7 University in 1981, with a concentration in Accounting. I subsequently joined  
8 Southeastern Public Service Company, and served as the Assistant controller at the  
9 time of my departure in January 1985, when I joined Florida Public Utilities  
10 Company. My positions through 1998 included General Accounting Office Manager,  
11 Accounting Manager, and Controller. In 1999 I was appointed to my current position,  
12 Chief Financial Officer and Treasurer of Florida Public Utilities Company. As the  
13 senior financial and accounting official of the Company I have overall fiduciary  
14 responsibility and oversee the accounting and finance department with all related  
15 functions.

16 Q. What is the purpose of your testimony?

1 A. The purpose of my testimony is to present the calculation of the Jan. 2003 through  
2 Dec. 2003 purchased power costs for recovery in the Jan. - Dec. 2005 period. These  
3 calculations are based on twelve months of actual data.

4 Q. Have you prepared any exhibits to support your testimony?

5 A. Yes. Exhibit \_\_\_\_\_ (GMB-2 ) consists of Schedules M1 and F1 for the Marianna  
6 and Fernandina Beach Divisions. These schedules were prepared from the records of  
7 the company.

8 Q. What has FPUC calculated as the net true-up amount to be applied in the Jan. - Dec.  
9 2005?

10 A. For Marianna the net true-up amount to be recovered is an under recovery of  
11 \$280,576. For Fernandina Beach the calculation is an overrecovery of \$535,273.

12 Q. How were these amounts calculated?

13 A. They are the difference between the final true-up amount for the Jan. - Dec. 2003  
14 period and the actual/estimated amount for the Jan. - Dec. 2003 period.

15 Q. What was the final true-up amount for Jan. - Dec. 2003?

16 A. For Marianna it was \$624,353 underrecovery and for Fernandina Beach it was  
17 \$1,837,973 overrecovery.

18 Q. What have you calculated to be the true-up amount for the Jan. - Dec. 2003 period?

19 A. Using six months actual and six months estimated amounts, we calculated an  
20 underrecovery for Marianna of \$343,777 and an overrecovery of \$1,302,700 for  
21 Fernandina Beach. (Ref. GMB-1, schedule EI-B of 1<sup>st</sup> true-up filing and testimony)

22 Q. Does this conclude your direct testimony?

23 A. Yes, it does.

**FLORIDA PUBLIC UTILITIES COMPANY**  
**CALCULATION OF PURCHASED POWER COSTS AND CALCULATION OF TRUE-UP AND INTEREST PROVISION**  
**ESTIMATED FOR THE PERIOD: JANUARY 2003 - DECEMBER 2003**  
**BASED ON TWELVE MONTHS ACTUAL**

Schedule M1

**MARIANNA DIVISION**

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Total
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER		
	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003		
Total System Sales - KWH	28,827,986	24,735,931	20,818,498	20,125,552	23,786,208	27,074,157	28,133,740	28,470,837	30,160,328	24,758,647	21,902,056	26,986,809		305,780,749
Total System Purchases - KWH	31,260,827	22,332,595	21,940,443	22,156,036	28,083,006	29,700,478	30,482,132	31,981,507	28,454,900	23,915,457	23,742,305	29,943,228		323,992,914
System Billing Demand - KW	75,955	46,495	43,804	45,602	53,469	62,254	63,187	63,681	61,163	45,948	46,067	58,604		666,229
Purchased Power Rates														
Base Fuel Costs - \$/KWH	0.02120	0.02120	0.02120	0.02120	0.02120	0.02120	0.02120	0.02120	0.02120	0.02120	0.02120	0.02120		
Demand and Non-Fuel														
Demand Charge - \$/KW	6.66	6.66	6.66	6.66	6.66	6.66	6.66	6.66	6.66	6.66	6.66	6.66		
Customer Charge - \$	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00		
Transformation Charge	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689		
Purchased Power Costs														
Base Fuel Costs	662,730	473,451	465,137	469,708	595,360	629,650	646,221	678,008	603,244	507,008	503,337	634,796		6,868,650
Subtotal Fuel Costs	662,730	473,451	465,137	469,708	595,360	629,650	646,221	678,008	603,244	507,008	503,337	634,796		6,868,650
Demand and Non-Fuel Costs														
Demand Charge	505,860	309,657	291,735	303,709	356,103	414,611	420,825	424,115	407,345	306,014	306,806	390,302		4,437,082
Customer Charge	550	550	550	550	550	550	550	550	550	550	550	550		6,600
Transformation Charge	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689	34,689		416,268
Subtotal Demand & Non-Fuel Costs	541,099	344,896	326,974	338,948	391,342	449,850	456,064	459,354	442,584	341,253	342,045	425,541		4,859,950
Total System Purchased Power Costs	1,203,829	818,347	792,111	808,656	986,702	1,079,500	1,102,285	1,137,362	1,045,828	848,261	845,382	1,060,337		11,728,600
Sales Revenues - Fuel Adjustment Revenues														
Residential RS .03843	586,017	494,563	361,093	328,784	387,741	469,772	506,929	489,314	526,122	396,821	339,668	497,624		5,384,448
Commercial, Small GS .03794	98,593	84,832	77,976	79,144	82,488	92,494	98,590	97,687	108,148	95,933	82,555	87,802		1,086,242
Commercial, Large GSD .03530	247,428	225,551	209,055	209,832	261,582	285,591	294,591	293,314	314,151	270,683	244,901	245,958		3,102,637
Industrial GSLD .03333	119,942	95,429	102,095	105,186	124,327	131,289	120,731	148,979	144,515	128,135	118,841	144,895		1,484,364
Outside Lighting Private OL,OL-2 02705	7,695	7,635	7,682	7,700	7,743	7,711	7,584	7,782	7,739	7,841	7,818	7,584		93,342
Street Lighting-Public SL-1, 2, 3 02709	2,462	2,673	2,675	2,675	2,672	2,666	2,665	2,665	2,661	2,661	2,659	2,658		31,792
Total Fuel Revenues	1,062,137	910,683	760,576	733,321	866,553	989,523	1,031,090	1,039,741	1,103,336	902,074	796,442	987,349		11,182,825
Non-Fuel Revenues	614,310	561,587	492,043	462,664	521,223	571,726	581,926	587,800	613,048	538,249	493,544	586,338		6,624,458
Total Sales Revenue	1,676,447	1,472,270	1,252,619	1,195,985	1,387,776	1,561,249	1,613,016	1,627,541	1,716,384	1,440,323	1,289,986	1,573,687		17,807,283
KWH Sales														
Residential RS	15,249,768	12,867,214	9,395,891	8,556,743	10,087,584	12,224,121	13,189,620	12,731,832	13,691,167	10,327,407	8,836,512	12,949,332		140,107,191
Commercial, Small GS	2,595,650	2,235,784	2,055,075	2,085,882	2,174,041	2,437,742	2,598,454	2,574,560	2,850,337	2,528,369	2,175,798	2,314,045		28,625,737
Commercial, Large GSD	7,008,379	6,388,737	5,921,484	5,943,480	7,409,297	8,089,354	8,344,287	8,308,123	8,898,295	7,667,096	6,936,787	6,966,737		87,882,056
Industrial GSLD	3,599,067	2,863,485	3,063,553	3,156,274	3,730,635	3,939,530	3,622,702	4,470,352	4,336,400	3,844,884	3,565,992	4,347,804		44,540,678
Outside Lighting-Private OL,OL-2	284,246	282,031	283,766	284,444	286,030	285,005	280,283	287,608	285,909	292,648	288,820	310,742		3,451,532
Street Lighting-Public SL-1, 2, 3	90,876	98,680	98,729	98,729	98,621	98,405	98,394	98,362	98,220	98,243	98,147	98,149		1,173,555
Total KWH Sales	28,827,986	24,735,931	20,818,498	20,125,552	23,786,208	27,074,157	28,133,740	28,470,837	30,160,328	24,758,647	21,902,056	26,986,809		305,780,749
True-up Calculation.														to Date
Fuel Revenues	1,062,137	910,683	760,576	733,321	866,553	989,523	1,031,090	1,039,741	1,103,336	902,074	796,442	987,349		11,182,825
True-up Provision for the Period - collect/(refund)	6,199	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202		74,421
Gross Receipts Tax Refund	0	0	0	0	0	0	0	0	0	0	0	0		0
Fuel Revenue	1,055,938	904,481	754,374	727,119	860,351	983,321	1,024,888	1,033,539	1,097,134	895,872	790,240	981,147		11,108,404
Total Purchased Power Costs	1,203,829	818,347	792,111	808,656	986,702	1,079,500	1,102,285	1,137,362	1,045,828	848,261	845,382	1,060,337		11,728,600
True-up Provision for the Period	(147,891)	86,134	(37,737)	(81,537)	(126,351)	(96,179)	(77,397)	(103,823)	51,306	47,611	(55,142)	(79,190)		(620,196)
Interest Provision for the Period	(155)	(179)	(142)	(191)	(291)	(365)	(408)	(494)	(515)	(464)	(449)	(504)		(4,157)
True-up and Interest Provision														
Beginning of Period	(74,421)	(216,268)	(124,111)	(155,788)	(231,314)	(351,754)	(442,096)	(513,699)	(611,814)	(554,821)	(501,472)	(550,861)		(74,421)
True-up Collected or (Refunded)	6,199	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202	6,202		74,421
End of Period, Net True-up	(216,268)	(124,111)	(155,788)	(231,314)	(351,754)	(442,096)	(513,699)	(611,814)	(554,821)	(501,472)	(550,861)	(624,353)		(624,353)
10% Rule - Interest Provision														-5.32%
Beginning True-up Amount	(74,421)	(216,268)	(124,111)	(155,788)	(231,314)	(351,754)	(442,096)	(513,699)	(611,814)	(554,821)	(501,472)	(550,861)		
Ending True-up Amount Before Interest	(216,113)	(123,932)	(155,646)	(231,123)	(351,463)	(441,731)	(513,291)	(611,320)	(554,306)	(501,008)	(550,412)	(623,849)		
Total Beginning and Ending True-up	(290,534)	(340,200)	(279,757)	(386,911)	(582,777)	(793,485)	(955,387)	(1,125,019)	(1,166,120)	(1,055,829)	(1,051,884)	(1,174,710)		
Average True-up Amount	(145,267)	(170,100)	(139,879)	(193,456)	(291,389)	(396,743)	(477,694)	(562,510)	(583,060)	(527,915)	(525,942)	(587,355)		
Average Annual Interest Rate	1.2800%	1.2600%	1.2150%	1.1850%	1.2000%	1.1050%	1.0250%	1.0500%	1.0600%	1.0550%	1.0250%	1.0300%		
Monthly Average Interest Rate	0.1067%	0.1050%	0.1013%	0.0988%	0.1000%	0.0921%	0.0854%	0.0879%	0.0883%	0.0879%	0.0854%	0.0858%		
Interest Provision	(155)	(179)	(142)	(191)	(291)	(365)	(408)	(494)	(515)	(464)	(449)	(504)		

