

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 060001-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. To briefly explain our process to procure new fuel contracts for
10 the purchase of electricity in our two electric divisions.
- 11 Q. When do the current contracts expire for purchase of electricity?
- 12 A. The current contracts for the purchase of electricity in our
13 Northwest and Northeast divisions both expire December 31, 2007.
- 14 Q. When did the company begin the process to obtain new contracts?
- 15 A. The company began the process to obtain new fuel contracts during
16 the first quarter of 2005 by hiring the consulting firm of
17 Christensen Associates.
- 18 Q. When did the Company finalize the fuel contracts?
- 19 A. We anticipate a final contract for the purchase of electricity in
20 our Northeast division, effective January 1, 2007 sometime in
21 September 2006 prior to the fuel hearing in November 2006. We
22 anticipate a final contract for the purchase of electricity in our

1 Northwest division effective January 1, 2008 before the end of
2 2006.

3 Q. What was the nature of the engagement with the consulting firm,
4 Christensen Associates and one of their employees Robert Camfield?

5 A. The company obtained a firm with the proper expertise to handle
6 the entire process of obtaining fuel contracts, from the initial
7 Request for Proposals (RFP), to the final contracts for the purchase of electricity.
8 Robert Camfield is the primary consultant in charge of this
9 project for the consulting firm.

10 Q. Why did the Company engage a consulting firm to procure new fuel
11 contracts?

12 A. Due to the size of our Company we did not have the expertise
13 necessary in house to procure fuel contracts. We prudently engaged
14 a Consulting firm, Christensen Associates, to procure our new fuel
15 contracts. They have the necessary expertise to assist us in this
16 endeavor.

17 Q. What role did the Company play in the process to obtain new fuel
18 contracts?

19 A. The Company worked along with the consulting firm and reviewed,
20 discussed and approved measures taken within the process from the
21 initial RFP process to the final contract terms.

22 Q. Does the Company feel that the appropriate measures were taken to
23 prudently obtain fuel contracts?

24 A. Yes the Company feels that we took the necessary steps to obtain
25 prudent fuel contracts for the procurement of future electricity.

26 Q. Did the Company review the necessity to obtain a new fuel contract
27 effective January 1, 2007 in our Fernandina Beach (Northeast
28 division)?

1 A. Yes the Company concurs with our expert consultant, Christensen
2 Associates, that a new fuel contract in our Northeast division was
3 necessary January 1, 2007 to obtain the most favorable option for
4 the procurement of fuel. See Robert Camfield's testimony for
5 additional details in support of our fuel procurement process.
6 Q. Does this conclude your testimony?
7 A. Yes.