

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
Cheryl M. Martin
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Cheryl M. Martin, 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 2007 - December 2007 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 2006 - December 2006 and to
17 establish a "true-up" amount to be collected or refunded during
18 January 2007 - December 2007.
- 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, E2, E7, and E10 for Marianna

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1 (Northwest division) and E1, E1A, E2, E7, E8, and E10 for
2 Fernandina Beach (Northeast division). They are included in
3 Composite Prehearing Identification Number CMM-3. Schedule E1-B and
4 E1-B1 for both Marianna (Northwest) and Fernandina Beach
5 (Northeast) were filed last month in Composite Prehearing
6 Identification Number CMM-2.

7 These schedules support the calculation of the levelized fuel
8 adjustment factor for January 2007 - December 2007. Schedule E1-B
9 shows the Calculation of Purchased Power Costs and Calculation of
10 True-Up and Interest Provision for the period January 2006 -
11 December 2006 based on 6 Months Actual and 6 Months Estimated data.

12 Q. In derivation of the projected cost factor for the January 2007 -
13 December 2007 period, did you follow the same procedures that were
14 used in the prior period filings?

15 A. Yes.

16 Q. Have there been any changes to the fuel contracts used to purchase
17 electricity.

18 A. Yes, we will have a new contract in our Fernandina Beach (Northeast
19 division) for the purchase of fuel beginning January 1, 2007. The
20 contract for our Marianna (Northwest division) does not expire
21 until December 31, 2007.

22 Q. Do the projections for fuel in the Fernandina Beach (Northeast
23 division) reflect the anticipated prices of this new fuel contract?

24 A. Yes, the projections for Fernandina Beach (Northeast division) have
25 utilized anticipated fuel costs in our fuel factors from our
26 anticipated new fuel contract. See additional testimony from Robert
27 Camfield and George Bachman regarding the new fuel contracts.

28 Q. Why has the GSLD1 rate class for Fernandina Beach (Northeast
29 division) been excluded from these computations?

1 A. Demand and other purchased power costs are assigned to the GSLD1
2 rate class directly based on their actual CP KW and their actual
3 KWH consumption. That procedure for the GSLD1 class has been in
4 use for several years and has not been changed herein. Costs to be
5 recovered from all other classes are determined after deducting
6 from total purchased power costs those costs directly assigned to
7 GSLD1.

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

10 A. The demand cost recovery factors for each of the RS, GS, GSD, GSLD,
11 GSLD1 and OL-SL rate classes will become one element of the total
12 cost recovery factor for those classes. All other costs of
13 purchased power will be recovered by the use of the levelized
14 factor that is the same for all those rate classes. Thus the total
15 factor for each class will be the sum of the respective demand cost
16 factor and the levelized factor for all other costs.

17 Q. Please address the calculation of the total true-up amount to be
18 collected or refunded during the January 2007 - December 2007.

19 A. We have determined that at the end of December 2006 based on six
20 months actual and six months estimated, we will have under-
21 recovered \$316,591 in purchased power costs in our Marianna
22 (Northwest division). Based on estimated sales for the period
23 January 2007 - December 2007, it will be necessary to add .09464¢
24 per KWH to collect this under-recovery.

25 In Fernandina Beach (Northeast division) we will have under-
26 recovered \$892,682 in purchased power costs. This amount will be
27 collected at .25633¢ per KWH during the January 2007 - December
28 2007 period (excludes GSLD1 customers). Page 3 and 10 of Composite
29 Prehearing Identification Number CMM-3 provides a detail of the

1 calculation of the true-up amounts.

2 Q. What are the final remaining true-up amounts for the period January
3 2005 - December 2005 for both divisions?

4 A. In Marianna (Northwest division) the final remaining true-up amount
5 was an under-recovery of \$53,882. The final remaining true-up
6 amount for Fernandina Beach (Northeast division) was under-recovery
7 of \$153,867.

8 Q. What are the estimated true-up amounts for the period of January
9 2006 - December 2006?

10 A. In Marianna (Northwest division), there is an estimated under-
11 recovery of \$262,709. Fernandina Beach (Northeast division) has an
12 estimated under-recovery of \$738,815.

13 Q. What will the total fuel adjustment factor, excluding demand cost
14 recovery, be for both divisions for the period?

15 A. In Marianna (Northwest division) the total fuel adjustment factor
16 as shown on Line 33, Schedule E1, is 2.709¢ per KWH. In Fernandina
17 Beach (Northwest division) the total fuel adjustment factor for
18 "other classes", as shown on Line 43, Schedule E1, amounts to
19 3.412¢ per KWH.

20 Q. Please advise what a residential customer using 1,000 KWH will pay
21 for the period January 2007 - December 2007 including base rates,
22 conservation cost recovery factors, and fuel adjustment factor and
23 after application of a line loss multiplier.

24 A. In Marianna (Northwest division) a residential customer using 1,000
25 KWH will pay \$70.14, a decrease of \$1.12 from the previous period.
26 In Fernandina Beach (Northeast division) a customer will pay
27 \$77.47, an increase of \$18.95 from the previous period.

28 Q. Does this conclude your testimony?

29 A. Yes.