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October 27, 2006

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COMMISSION CLERK

**BY HAND DELIVERY**

Ms. Blanca Bayó, Director  
Commission Clerk and Administrative Services  
Room 110, Easley Building  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company; Docket No. 060001-EI

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Public Utilities Company in this docket are an original and 15 copies of the following documents:

1. Revised Direct Testimony of Cheryl Martin to replace the testimony filed on September 1, 2006; and
2. Revised Schedules E-1, E1-A, E-2, E-7, E-8 and E10 for the Fernandina Beach Division to replace the schedules filed on September 1, 2006 (pages 7-14 of CMM-3).

Nothing else in Florida Public Utilities Company's filing of September 1, 2006 is affected.

CMP \_\_\_\_\_

COM 5

Please acknowledge receipt of these documents by stamping the enclosed extra copy of this letter.

CTR 02

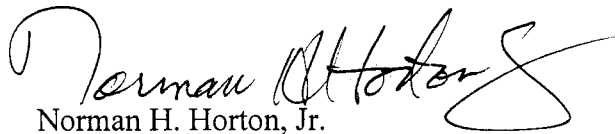
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Thank you for your assistance.

3CL 1

Sincerely,

JPC \_\_\_\_\_

  
Norman H. Horton, Jr.

RCA \_\_\_\_\_

SCR \_\_\_\_\_

3GA \_\_\_\_\_

SEC 1 NHH/amb

Enclosures

RECEIVED & FILED

JTH \_\_\_\_\_ cc: Ms. Cheryl Martin

DOCUMENT NUMBER - DATE

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that true and correct copies of the foregoing have been served by U. S. Mail this 27<sup>th</sup> day of October, 2006 upon the following:

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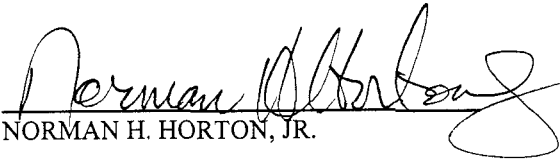
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NORMAN H. HORTON, JR.

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 - rev 10/26/2006

- 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

DOCUMENT NUMBER-DATE

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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 \$77.84, an increase of \$19.32 from the previous period.

28 Q. Does this conclude your testimony?

29 A. Yes.