

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 940001-EI
CONTINUING SURVEILLANCE AND REVIEW OF
FUEL COST RECOVERY CLAUSES OF ELECTRIC UTILITIES

REVISED Direct Testimony of
George Bachman
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. George 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. I will briefly describe the basis for the computations that
10 were made in the preparation of the various Schedules that we
11 have submitted in support of the April 1994 - September 1994
12 projected fuel cost recovery adjustments for our two electric
13 divisions. In addition, I will advise the Commission of the
14 projected differences between the revenues collected under the
15 levelized fuel adjustment and the purchased power costs allowed
16 in developing the levelized fuel adjustment for the period
17 October 1993 - March 1994 and to establish a "true-up" amount
18 to be collected or refunded during April 1994 - September 1994.
- 19 Q. Were the schedules filed by your Company completed under your
20 direction?
- 21 A. Yes.

DOCUMENT NUMBER-DATE

01179 FEB-3 1994

FPSC-RECORDS/REPORTING

1 Q. Which of the Staff's set of schedules has your Company
2 completed and filed?

3 A. We have filed Schedules E, E1, E1b, E2, E4, E8, E8A, E10, E11,
4 M1, F1 and H1 for Marianna and Fernandina as applicable. They
5 are included in Composite Prehearing Identification Number
6 GMB-1.

7 These schedules support the calculation of the levelized fuel
8 adjustment factor for April 1994 - September 1994. Schedules
9 M1 and F1 show the Calculation of Purchased Power Costs and
10 Calculation of True-Up and Interest Provision for the Period
11 October 1993 - March 1994 based on 2 Months Actual and 4 Months
12 Estimated data.

13 Q. In derivation of the projected cost factor for the April 1994 -
14 September 1994 period, did you follow the same procedures that
15 were used in the prior period filings?

16 A. Yes; however, due to an increase in the demand charge by the
17 Jacksonville Electric Authority (JEA) from \$5.50 per KW to 6.00
18 per KW on January 18, 1994, it was necessary to recalculate the
19 KWH charges for purchased power demand charges for the various
20 rate classes for the period April 1, 1994 - September 30, 1994
21 for our Fernandina Beach Division. This change is the result
22 of cost studies that were conducted in conjunction with the
23 most recent rate filing for the Fernandina Beach Division in
24 Docket No. 881056-EI. In Order No. 22224 in that Docket, the
25 Commission directed that the recovery of purchased power demand
26 be done on the basis of the 12 CP KW of each rate class's

1 responsibility (excluding GSLD) as found in those cost studies.
2 Exhibit A of this filing sets out the computation of the
3 factors on a per KWH basis for each of the RS, GS, GSD and OL-
4 SL rate classes. The calculations in Exhibit A were made in
5 the same manner as was set out in Exhibit 318 of Docket No.
6 881056-EI except that the total demand costs have been adjusted
7 to reflect the increase by the JEA on January 18, 1994.

8 Q. Why has the GSLD rate class been excluded from these
9 computations?

10 A. Demand and other purchased power costs are assigned to the GSLD
11 rate class directly based on their actual CP KW and their
12 actual KWH consumption. That procedure for the GSLD class has
13 been in use for several years and has not been changed herein.
14 Costs to be recovered from all other classes is determined
15 after deducting from total purchased power costs those costs
16 directly assigned to GSLD.

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

19 A. The demand cost recovery factors for each of the RS, GS, GSD
20 and OL-SL rate classes will become one element of the total
21 cost recovery factor for those classes. All other costs of
22 purchased power will be recovered by the use of a levelized
23 factor that is the same for all those rate classes. Thus the
24 total factor for each class will be the sum of the respective
25 demand cost factor and the levelized factor for all other
26 costs.

1 Q. What are the total cost recovery factors for those rate classes
2 in Fernandina Beach beginning April 1, 1994 after adjustments
3 for line losses multipliers and the revenue tax factor?

4 A. The factors are as follows:

5 RS .05308 \$/KWH

6 GS .05042 \$/KWH

7 GSD .04853 \$/KWH

8 OL & SL .04268 \$/KWH

9 Q. In your computation of the new projected cost recovery factors,
10 did you reflect any base rate changes by your suppliers?

11 A. Yes. Jacksonville Electric Authority (JEA) approved a demand
12 rate and base rate increase effective January 18, 1994. We
13 increased base rate from \$.00125¢ to \$.01645¢ to reflect the
14 anticipated increase in base rates.

15 Q. What are the projected levelized fuel factors for each of your
16 electric divisions in the April 1994 - September 1994 period
17 when total purchased power costs are considered?

18 A. The levelized factors, excluding true-up, demand cost recovery,
19 and revenue tax, for Marianna and Fernandina Beach are 2.69162¢
20 per KWH and 3.89387¢ per KWH, respectively. GSLD customers in
21 Fernandina Beach will continue to be billed monthly purchased
22 power costs on an actual basis.

23 Q. Please address the calculation of the total true-up amount to
24 be collected or refunded during the April 1994 - September 1994

25 A. We have determined that at the end of March 1994 based on two
26 months actual and four months estimated, we will have under-

1 recovered \$25,603 in purchased power costs in our Marianna
2 division. Based on estimated sales for the period April 1994 -
3 September 1994, will be necessary to add .01851¢ per KWH to
4 collect this under-recovery.

5 In Fernandina Beach we will have over-recovered \$118,219 in
6 purchased power costs. This amount will be refunded at .09910¢
7 per KWH during the April 1994 - September 1994 period. Pages
8 1 and 13 of Composite Prehearing Identification Number GMB-1
9 provides a detail of the calculation of the true-up amounts.

10 Q. Locking back upon the April 1993 - September 1993 period, what
11 were the actual End of Period - Total Net True-Up amounts for
12 Marianna and Fernandina Beach, and their significance, if any?

13 A. The Marianna Division experienced an under-recovery of \$33,965
14 and Fernandina Beach Division over-recovered \$93,982. The
15 amounts both represent fluctuations of less than 10% from the
16 total fuel charges for the period and are not considered
17 significant variances from projections.

18 Q. What are the final remaining true-up amounts for the period
19 April 1993 through September 1993 for both divisions?

20 A. In Marianna the final remaining true-up amount was an under-
21 recovery of \$87,558. The final remaining true-up amount for
22 Fernandina Beach was an under-recovery of \$17,891.

23 Q. What are the estimated true-up amounts for the period of
24 October 1993 through March 1994?

25 A. In Marianna, there is an estimated over-recovery of \$61,955.
26 Fernandina has an estimated over-recovery of \$136,110.

- 1 Q. What will the total fuel adjustment factor, including true-up
2 and revenue tax, be for both divisions for the period April
3 1994 - September 1994?
- 4 A. In Marianna the total fuel adjustment factor as shown in Line
5 33, Schedule E1, is 2.754¢ per KWH. In Fernandina Beach the
6 total fuel adjustment factor for "other classes", as shown on
7 Line 43, Schedule E1, amounts to 3.856¢ per KWH. These factors
8 exclude demand cost recovery.
- 9 Q. Please advise what a residential customer using 1,000 KWH will
10 pay for the period April 1994 - September 1994 including base
11 rates (which include revised conservation cost recovery
12 factors) and fuel adjustment factor and after application of a
13 line loss multiplier.
- 14 A. In Marianna a residential customer using 1,000 KWH will pay
15 \$67.08, a decrease of \$.43 from the previous period. In
16 Fernandina Beach a customer will pay \$73.08, a decrease of
17 \$4.28 from the previous period.
- 18 Q. Does this conclude your testimony?
- 19 A. Yes.