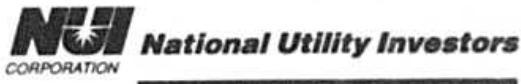


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a



Southern Division
City Gas Company of Florida
Elkton Gas Service
North Carolina Gas Service
Valley Cities Gas Service
Waverly Gas Service

955 East 25th Street
Hialeah
Florida 33013-3498
Tel: (305) 691-8710
Fax: (305) 691-7112

November 17, 1995

via Federal Express

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0868

Re: Purchase Gas Adjustment True-up, Docket No. 950003-GU

Dear Ms. Bayo:

Attached please find revisions to the Company's direct testimony in the above referenced Docket, filed on November 13, 1995 and Schedule A-7 for the twelve-month period ending March 1995.

The Company desires acknowledgement of this letter and for such purpose it is enclosing a duplicate letter with a stamped, self addressed envelope. Questions regarding this filing should be directed to Rand W. Smith, Vice President, at (305)691-8710, ext. 150.

Sincerely,

Rand W. Smith
Vice President of Finance

RWS/zs

Encl.

ACK _____
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Rand W. Smith

SEARCHED & INDEXED
SERIALIZED
NOV 20 1995
FBI - TALLAHASSEE
RECORDS

DOCUMENT NUMBER - DATE
11592 NOV 20 95
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of Rand W. Smith on Behalf of City Gas Company of Florida (a division of NUI Corporation) has been furnished by U. S. Mail to the following parties of record this 17th day of November, 1995:

Sheila Erstling*
Florida Public Service
Commission
Division of Legal Services
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Tallahassee, FL 32399-0868

John Roger Howe
Assistant Public Counsel
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Kenneth Gatlin
Gatlin, Woods, Carlson
and Cowdery
1709-D Mahan Drive
Tallahassee, FL 32308

Jerry Melendy
3515 Highway 27 S
Sebring, FL 33870-5452

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment)
(PGA) True-Up)
_____)

Docket No. 950003-GU
Filed: November 17, 1995

DIRECT TESTIMONY

OF

RAND W. SMITH

**ON BEHALF OF CITY GAS COMPANY OF FLORIDA
(A DIVISION OF NUI CORPORATION)**

DOCUMENT NUMBER-DATE

11592 NOV 20 88

FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY OF

3 RAND W. SMITH

4 ON BEHALF OF CITY GAS COMPANY OF FLORIDA

5 (A DIVISION OF NUI CORPORATION)

6 DOCKET NO. 950003-GU

7 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

8 A. My name is Rand W. Smith. My business address is NUI Corporation, Southern
9 Division, 955 E. 25th Street, Hialeah, FL 33013.

10 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

11 A. I am employed by the NUI Corporation as Vice President - Finance for its Southern
12 Division, which includes City Gas Company of Florida ("City Gas" or "the Company").
13 The Southern Division also includes the North Carolina, Maryland, New York and
14 Pennsylvania operations of NUI Corporation.

15 **Q. BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND EMPLOYMENT**
16 **EXPERIENCE.**

17 A. I received a B.A. degree with a major in Social Sciences from Hofstra University in
18 Hempstead, Long Island, in June 1971 and an M.B.A. with a major in Accounting
19 from the same school in June 1974.

20 I was employed as an auditor by Arthur Andersen & Co., independent public
21 accountants, from June 1974 through January 1979 in that firm's New York City
22 office. From January 1979 to April 1983, I was employed by The Continental Group,
23 Inc., in Stamford, CT as Assistant Director of Accounting Compliance. From April
24 1983 until January 1986, I was employed as Director of Accounting and Finance by
25 the Continental Can Company in Norwalk, CT, a principal subsidiary of The

1 Continental Group. I was promoted to Assistant Controller of Continental Can
2 Company in January 1986 and held that position until March 1989, when I joined NUI
3 Corporation as Assistant Vice President. I was promoted to Vice President of NUI
4 Corporation in March 1993 and had served as NUI Corporation's Chief Accounting
5 Officer since February 1992. In March 1994, I transferred to the City Gas Company
6 division of NUI Corporation as Vice President - Finance. In April 1995, NUI formed
7 its Southern Division, with headquarters in Hialeah, FL, by combining City Gas and
8 NUI's North Carolina, Maryland, New York and Pennsylvania operations under
9 common management. At that time, I was named Vice President of Finance for the
10 Southern Division, the position I hold today. I have been a Certified Public
11 Accountant since 1976.

12 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.**

13 A. The purpose of my testimony is to present the comparison of Actual versus Original
14 estimate of the purchased gas adjustment cost recovery factor and true-up provision
15 for the period October 1994 through September 1995 for City Gas. Through this
16 testimony, I will also like to present the actual over- or under-recovery for the twelve
17 month period ending March 1995.

18 **Q. HAS THE COMPANY PREPARED THE FORMS PRESCRIBED BY THIS**
19 **COMMISSION FOR THIS PURPOSE?**

20 A. Yes. The forms prescribed by the Commission, Schedules A-1 through A-6 for the
21 months of October 1994 through September 1995, Schedule A-7 and schedule E-4
22 for the same period, are attached to my testimony. I also provide Schedule A-7 for
23 the twelve month period ending March 1995.

1 Q. HAS CITY GAS PREPARED A SCHEDULE WHICH SHOWS THE ACTUAL GAS
2 COSTS ASSOCIATED WITH THE GAS ADJUSTMENT COST RECOVERY
3 FACTOR?

4 A. Yes. City Gas prepared Schedule A-7, attached, which describes the total fuel cost
5 for the periods in question, recovery of such cost from ratepayers through the Gas
6 Adjustment Cost Recovery Factor, and remaining over- or under-recovery of gas
7 cost.

8 Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE COMPANY DURING
9 THE TWELVE MONTHS ENDED SEPTEMBER 30, 1995?

10 A. As shown on Schedule A-7, Line 1, the total cost of gas for the twelve months ended
11 September 30, 1995 is \$20,759,579. This amount includes gas cost incurred on
12 behalf of the Company's end-use transportation customers in the amount of
13 \$128,021.

14 Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST RECOVERED BY THE
15 COMPANY DURING THE TWELVE MONTHS ENDED SEPTEMBER 30, 1995?

16 A. The Company recovered \$21,741,851. This includes recovery of the \$128,021 from
17 end-use transportation customers.

18 Q. HOW DO YOU RECONCILE THE ACTUAL COST OF GAS INCURRED AND
19 ACTUAL COST OF GAS RECOVERED AS SHOWN ON SCHEDULE A-7 WITH
20 THE NUMBERS SHOWN IN MONTHLY SCHEDULES A-1?

21 A. The sum of the Total Cost of Gas Purchased (Line 11, "Actual" column on schedules
22 A-1) for each of the months of October 1994 through September 1995 is
23 \$20,631,558. If we add \$128,021 of end-use transportation cost, the end result is
24 \$20,759,579 as shown on Schedule A-7.

25

1 Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE TWELVE MONTHS
2 ENDED SEPTEMBER 30, 1995?

3 A. The actual true-up amount, including interest, is an over-recovery of \$1,338,247, as
4 shown on the September 1995 Schedule A-2, "Actual" column, line 11.

5 Q. CAN YOU EXPLAIN HOW YOU ARRIVED AT THAT AMOUNT OF OVER-
6 RECOVERY?

7 A. Yes. As shown on Schedule A-7, the total over-recovered amount for the twelve
8 month period ending September 30, 1995 is \$1,041,284. The beginning balance on
9 September 30, 1994 was an over-recovery of \$394,521. The sum of these two
10 balances yields \$1,435,805. By subtracting \$97,500, which is the amount that City
11 Gas refunded its customers during the period in question, and subtracting \$58, which
12 is the amount that resulted from a re-calculation of the interest applied, one arrives at
13 the total over-recovered amount of \$1,338,363.

14 Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST RECOVERED BY THE
15 COMPANY DURING THE TWELVE MONTHS ENDED MARCH 30, 1995?

16 A. The Company recovered \$21,781,946 for the twelve month period ending March
17 1995. The cost of gas for this period was \$21,385,439. This results in an over-
18 recovery of \$396,507 plus \$3,026 in interest. In addition, City Gas received a refund
19 from Florida Gas Transmission Company in the amount of \$850,590. Therefore, the
20 final over-recovered amount for this period is \$1,250,123.

21 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

22 A. Yes.

23

24

25

COMPANY:	FINAL FUEL OVER/UNDER RECOVERY	SCHEDULE A-7
CITY GAS CO. OF FLORIDA		(REVISED 8/19/93)
FOR THE PERIOD:	APRIL 94 Through MARCH 95	

1 TOTAL ACTUAL FUEL COST FOR THE PERIOD	04/94 - 03/95	\$21,385,439
2 TOTAL ACTUAL FUEL REVENUES FOR THE PERIOD	04/94 - 03/95	<u>\$21,781,946</u>
3 ACTUAL OVER/UNDER RECOVERY FOR THE PERIOD (2 - 1)		\$396,507
4 INTEREST PROVISION FOR THE PERIOD	04/94 - 03/95	\$3,026
4 a FGT REFUND		<u>\$850,590</u>
5 ACTUAL OVER/UNDER RECOVERY FOR THE PERIOD (3+4+4a)		\$1,250,123
6 LESS: ESTIMATED/ACTUAL OVER/UNDER RECOVERY FOR THE PERIOD APRIL 1994 Through MARCH 1995 E-4 Line 4 Col.4 (From Schedule E-2) WHICH WAS INCLUDED IN THE CURRENT PERIOD (APRIL 1995 - MARCH 1996)		\$1,204,067
7 FINAL FUEL OVER/UNDER RECOVERY TO BE INCLUDED IN THE PROJECTED APRIL 1996 Through MARCH 1997 PERIOD (5 - 6)		\$46,056

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