

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 DIRECT TESTIMONY OF
3 THOMAS KAUFMANN
4 ON BEHALF OF NUI CITY GAS COMPANY OF FLORIDA
5 DOCKET NO. 030003-GU
6

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

8 A. My name is Thomas Kaufmann. My business address is NUI
9 Corporation, 550 Route 202-206, Bedminster, New Jersey
10 07921.

11

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

13 A. I am currently employed as a Manager of Rates and Tariffs for
14 NUI Corporation, ("NUI") and have responsibilities for City Gas
15 Company of Florida ("City Gas" or "the Company"), NUI Utilities
16 Inc.'s Florida operating division.

17

18 **Q. BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND
19 EMPLOYMENT EXPERIENCE.**

20 A. In June 1977, I graduated from Rutgers University, Newark with
21 a Bachelor of Arts degree in Business Administration, majoring
22 in accounting and economics. In July 1979, I graduated from
23 Fairleigh Dickinson University, Madison with a Masters of

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1 Business Administration, majoring in finance. My professional
2 responsibilities have encompassed financial analysis,
3 accounting, planning, and pricing in manufacturing and energy
4 services companies in both regulated and deregulated
5 industries. In 1977, I was employed by Allied Chemical Corp. as
6 a staff accountant. In 1980, I was employed by Celanese Corp.
7 as a financial analyst. In 1981, I was employed by Suburban
8 Propane as a Strategic Planning Analyst, promoted to Manager
9 of Rates and Pricing in 1986 and to Director of Acquisitions and
10 Business Analysis in 1990. In 1993, I was employed by
11 Concurrent Computer as a Manager, Pricing Administration. In
12 1996 I joined NUI as a Rate Analyst, was promoted to Manager
13 of Regulatory Support in August, 1997 and Manager of
14 Regulatory Affairs in February, 1998, and named Manager of
15 Rates and Tariffs in July 1998.

16

17 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY?**

18 A. The purpose of my testimony is to present the comparison of
19 Actual versus Original estimate of the purchased gas adjustment
20 cost recovery factor and true-up provision for the period January,
21 2002 through December, 2002 for City Gas.

22

1 **Q. HAS THE COMPANY PREPARED THE FORM PRESCRIBED**
2 **BY THIS COMMISSION FOR THIS PURPOSE?**

3 A. Yes. The Company has prepared the form prescribed by the
4 Commission attached as Schedule A-7, and identified as Exhibit
5 ____ (TK-1).

6

7 **Q. HAS CITY GAS PREPARED A SCHEDULE WHICH SHOWS**
8 **THE ACTUAL GAS COSTS ASSOCIATED WITH THE GAS**
9 **ADJUSTMENT COST RECOVERY FACTOR?**

10 A. Yes. City Gas prepared Schedule A-7, attached, which
11 describes the total fuel cost for the period in question, recovery
12 of such cost from ratepayers through the Purchased Gas
13 Adjustment (PGA) Cost Recovery Factor, and remaining over or
14 under-recovery of gas cost.

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16 **Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE**
17 **COMPANY DURING THE TWELVE MONTHS ENDED**
18 **DECEMBER 31, 2002?**

19 A. As shown on Schedule A-7, Line 1, the total cost of gas for the
20 twelve months ended December 31, 2002 is \$21,457,800.

21

1 Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST
2 RECOVERED BY THE COMPANY DURING THE TWELVE
3 MONTHS ENDED DECEMBER 31, 2002?

4 A. The Company recovered \$19,629,106.

5

6 Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE
7 TWELVE MONTHS ENDED DECEMBER 31, 2002?

8 A. The actual true-up amount, including adjustments, margin
9 sharing and interest, is an under-recovery of (\$420,095).

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11 Q. CAN YOU EXPLAIN HOW YOU ARRIVED AT THAT AMOUNT
12 OF UNDER-RECOVERY?

13 A. Yes. As shown on Schedule A-7, the total fuel revenues for the
14 period are \$19,629,106 and the total fuel cost is \$21,457,800.
15 The difference between the fuel cost and fuel recoveries is an
16 under-recovery of (\$1,828,694). Credit adjustments related to
17 transportation imbalance charges and margin sharing were
18 \$353,620 and \$1,033,798 respectively. The interest provision for
19 the period is an over-recovery of \$21,182. The sum of these,
20 inclusive of rounding is an under-recovery of (\$420,095).

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1 Q. WHAT IS THE FINAL OVER/UNDER RECOVERY FOR THE
2 JANUARY 2002 THROUGH DECEMBER 2002 PERIOD TO BE
3 INCLUDED IN THE 2004 PROJECTION?

4 A. The final true-up amount for the period of January 2002 through
5 December 2002 to be included in the 2004 projection is an over-
6 recovery \$319,829. This is the difference between the
7 estimated under-recovery of (\$739,924) that is included in the
8 current cost recovery factor being collected during 2003 and the
9 actual under-recovery of (\$420,095).

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11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes.

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| COMPANY: NUI UTILITIES INC. d/b/a CITY GAS COMPANY OF FLORIDA | | FINAL FUEL OVER/UNDER RECOVERY | SCHEDULE A-7 (REVISED 4/30/01) | |
|--|--|--------------------------------|-----------------------------------|---------------------|
| FOR THE PERIOD: | | JANUARY 02 | Through DECEMBER 02 | |
| 1 | TOTAL ACTUAL FUEL COST FOR THE PERIOD | | A-2 Line 3 | \$21,457,800 |
| 2 | TOTAL ACTUAL FUEL REVENUES FOR THE PERIOD | | A-2 Line 6 | <u>\$19,629,106</u> |
| 3 | ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Line 2- Line 1) | | A-2 Line 7 | (\$1,828,694) |
| 3a | ADJUSTMENTS * | | A-2 Line 10a | \$353,620 |
| 3b | OSS 50% MARGIN SHARING | | A-2 Line 10b | \$1,033,798 |
| 4 | INTEREST PROVISION | | A-2 Line 8 | <u>\$21,182</u> |
| 5 | ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Lines 3 + 3a + 3b + 4) | | | (\$420,095) |
| 6 | LESS: ESTIMATED/ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD JANUARY 02 Through DECEMBER 02 (From Schedule E-2) WHICH WAS INCLUDED IN THE CURRENT PERIOD RECOVERY FACTOR (JAN 03 through DEC 03) | | | <u>(\$739,924)</u> |
| 7 | FINAL FUEL OVER/(UNDER) RECOVERY TO BE INCLUDED IN THE PROJECTED PERIOD (JAN 04 Through DEC 04) (Line 5- Line 6) | | | <u>\$319,829</u> |

* Transportation imbalance charges credited to gas costs.