

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. 040003-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
15 Gas Company of Florida ("City Gas" or "the Company"), NUI
16 Utilities Inc.'s Florida operating division.

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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

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

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

19 A. The purpose of my testimony is to present the comparison of
20 Actual versus Original estimate of the purchased gas adjustment
21 cost recovery factor and true-up provision for the period January,
22 2003 through December, 2003 for City Gas.

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

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

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

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

Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE COMPANY DURING THE TWELVE MONTHS ENDED DECEMBER 31, 2003?

A. As shown on Schedule A-7, Line 1, the total cost of gas for the twelve months ended December 31, 2003 is \$28,674,351.

1 Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST
2 RECOVERED BY THE COMPANY DURING THE TWELVE
3 MONTHS ENDED DECEMBER 31, 2003?

4 A. The Company recovered \$28,538,283.

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6 Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE
7 TWELVE MONTHS ENDED DECEMBER 31, 2003?

8 A. The actual true-up amount, including adjustments, margin
9 sharing and interest, is an over-recovery of \$499,402.

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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 \$28,538,283 and the total fuel cost is \$28,674,351.
15 The difference between the fuel cost and fuel recoveries is an
16 under-recovery of (\$136,068). Credit adjustments related to
17 margin sharing were \$621,102. The interest provision for the
18 period is an over-recovery of \$14,368. The sum of these,
19 inclusive of rounding is an over-recovery of \$499,402.

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1 Q. WHAT IS THE FINAL OVER/UNDER RECOVERY FOR THE
2 JANUARY 2003 THROUGH DECEMBER 2003 PERIOD TO BE
3 INCLUDED IN THE 2005 PROJECTION?

4 A. The final true-up amount for the period of January 2003 through
5 December 2003 to be included in the 2005 projection is an over-
6 recovery \$1,313,819. This is the difference between the
7 estimated under-recovery of (\$814,417) that is included in the
8 current cost recovery factor being collected during 2004 and the
9 actual over-recovery of \$499,402.

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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 03 Through DECEMBER 03

1	TOTAL ACTUAL FUEL COST FOR THE PERIOD	A-2 Line 3	\$28,674,351
2	TOTAL ACTUAL FUEL REVENUES FOR THE PERIOD	A-2 Line 6	\$28,538,283
3	ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Line 2- Line 1)	A-2 Line 7	(\$136,068)
3a	ADJUSTMENTS	A-2 Line 10a	\$0
3b	OSS 50% MARGIN SHARING	A-2 Line 10b	\$621,102
4	INTEREST PROVISION	A-2 Line 8	\$14,368
5	ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Lines 3 + 3a + 3b + 4)		\$499,402
6	LESS: ESTIMATED/ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD JANUARY 03 Through DECEMBER 03 (From Schedule E-2) WHICH WAS INCLUDED IN THE CURRENT PERIOD RECOVERY FACTOR (JAN 04 through DEC 04)		(\$814,417)
7	FINAL FUEL OVER/(UNDER) RECOVERY TO BE INCLUDED IN THE PROJECTED PERIOD (JAN 05 Through DEC 05) (Line 5- Line 6)		<u>\$1,313,819</u>