

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 040001-EI
CONTINUING SURVEILLANCE AND REVIEW OF
FUEL COST RECOVERY CLAUSES OF ELECTRIC UTILITIES

Direct Testimony of
George M. Bachman
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. George M. 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 were
10 made in the preparation of the various Schedules that we have
11 submitted in support of the January 2005 - December 2005 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 2004 - December 2004 and to
17 establish a "true-up" amount to be collected or refunded during
18 January 2005 - December 2005.
- 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 and

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2 E1, E1A, E2, E7, E8, and E10 for Fernandina Beach. They are
3 included in Composite Prehearing Identification Number GMB-2.
4 Schedule E1-B and E1-B1 for both Marianna and Fernandina Beach were
5 filed last month in Composite Prehearing Identification Number GMB-
6 1.

7 These schedules support the calculation of the levelized fuel
8 adjustment factor for January 2005 - December 2005. Schedule E1-B
9 shows the Calculation of Purchased Power Costs and Calculation of
10 True-Up and Interest Provision for the period January 2004 -
11 December 2004 based on 6 Months Actual and 6 Months Estimated data.

12 Q. In derivation of the projected cost factor for the January 2005 -
13 December 2005, period, did you follow the same procedures that were
14 used in the prior period filings?

15 A. Yes.

16 Q. Why has the GSLD1 rate class for Fernandina Beach been excluded
17 from these computations?

18 A. Demand and other purchased power costs are assigned to the GSLD1
19 rate class directly based on their actual CP KW and their actual
20 KWH consumption. That procedure for the GSLD1 class has been in
21 use for several years and has not been changed herein. Costs to be
22 recovered from all other classes are determined after deducting
23 from total purchased power costs those costs directly assigned to
24 GSLD1.

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

27 A. The demand cost recovery factors for each of the RS, GS, GSD, GSLD,
28 GSLD1 and OL-SL rate classes will become one element of the total
29 cost recovery factor for those classes. All other costs of
purchased power will be recovered by the use of the levelized

1 factor that is the same for all those rate classes. Thus the total
2 factor for each class will be the sum of the respective demand cost
3 factor and the levelized factor for all other costs.

4 Q. Please address the calculation of the total true-up amount to be
5 collected or refunded during the January 2005 - December 2005.

6 A. We have determined that at the end of December 2004 based on six
7 months actual and six months estimated, we will have under-
8 recovered \$854,985 in purchased power costs in our Marianna
9 division. Based on estimated sales for the period January 2005 -
10 December 2005, it will be necessary to add .27146¢ per KWH to
11 collect this under-recovery.

12 In Fernandina Beach we will have under-recovered \$69,844 in
13 purchased power costs. **This amount will be refunded at .01973¢ per**
14 **KWH during the January 2005 - December 2005 period (excludes GSLD1**
15 **customers). Page 3 and 10 of Composite Prehearing Identification**
16 **Number GMB-2 provides a detail of the calculation of the true-up**
17 **amounts.**

18 Q. What are the final remaining true-up amounts for the period January
19 2003 - December 2003 for both divisions?

20 A. In Marianna the final remaining true-up amount was an under-
21 recovery of \$624,352. The final remaining true-up amount for
22 Fernandina Beach was over-recovery of \$1,837,973.

23 Q. What are the estimated true-up amounts for the period of January
24 2004 - December 2004?

25 A. In Marianna, there is an estimated under-recovery of \$230,633.
26 Fernandina Beach has an estimated under-recovery of \$1,907,817.

27 Q. What will the total fuel adjustment factor, excluding demand cost
28 recovery, be for both divisions for the period?

29 A. In Marianna the total fuel adjustment factor as shown on Line 33,

Schedule E1, is 2.790¢ per KWH. In Fernandina Beach the total fuel adjustment factor for "other classes", as shown on Line 43, Schedule E1, amounts to 1.950¢ per KWH.

Q. Please advise what a residential customer using 1,000 KWH will pay for the period January 2005 - December 2005 including base rates, conservation cost recovery factors, and fuel adjustment factor and after application of a line loss multiplier.

A. In Marianna a residential customer using 1,000 KWH will pay \$70.67, an increase of 7.31 from the previous period. In Fernandina Beach a customer will pay \$57.47, an increase of \$7.59 from the previous period.

Q. Does this conclude your testimony?

A. Yes.