

ORIGINAL

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 070108-E1  
APPROVAL OF THE ELECTRIC FUEL SUPPLY CONTRACT AND RELATED TERMS AND CONDITIONS  
BETWEEN GULF POWER COMPANY AND FLORIDA PUBLIC UTILITIES FOR THEIR NORTHWEST  
DIVISION (MARIANNA) BEGINNING 2008

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 a fuel related Docket?
- 7 A. Yes.
- 8 Q. What is the purpose of your testimony at this time?
- 9 A. To briefly explain our process to procure the new fuel contract
- 10 for our Northwest (Marianna) division for the purchase of
- 11 electricity.
- 12 Q. When does the current contract expire for purchase of electricity
- 13 in your Northwest division?
- 14 A. The current contract for the purchase of electricity in our
- 15 Northwest division expires December 31, 2007.
- Q. When did the company begin the process to obtain a new contract?
- A. The company began the process to obtain new fuel contracts for
- both of our electric divisions during the first quarter of 2005 by
- hiring the consulting firm of Christensen Associates.
- Q. When did the Company finalize the fuel contract for its Northwest
- division?
- A. A final contract for the purchase of electricity in our Northwest

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1 division, effective January 1, 2008 was finalized in December  
2 2006.

3 Q. What is the reason for this request for approval of the Contract  
4 from the FPSC before the normal fuel projection hearings scheduled  
5 in November 2007?

6 A. Approval of this contract and the related terms and conditions by  
7 July 1, 2007 will allow both Gulf Power Company and Florida Public  
8 Utilities the ability to have certainty of supply and commitment  
9 arrangements and allow sufficient time to seek other arrangements  
10 if it becomes necessary. The contract terms require us to seek  
11 approval for this contract by July 1, 2007 for these reasons.

12 Q. What was the nature of the engagement with the consulting firm,  
13 Christensen Associates and one of their employees Robert Camfield?

14 A. The company obtained a firm with the proper expertise to handle  
15 the entire process of obtaining fuel contracts, from the initial  
16 Request for Proposals (RFP), to the final contracts for the  
17 purchase of electricity. Robert Camfield is the primary consultant  
18 in charge of this project for the consulting firm.

19 Q. Why did the Company engage a consulting firm to procure new fuel  
20 contracts?

21 A. Due to the size of our Company we did not have the expertise  
22 necessary in house to procure fuel contracts. We prudently engaged  
23 a Consulting firm, Christensen Associates, to procure our new fuel  
24 contracts. They have the necessary expertise to assist us in this  
25 endeavor.

26 Q. What role did the Company play in the process to obtain new fuel  
27 contracts?

28 A. The Company worked along with the consulting firm and reviewed,

1           discussed and approved measures taken within the process from the  
2           initial RFP process to the final contract terms.

3           Q.    Does the Company feel that the appropriate measures were taken to  
4           prudently obtain fuel contracts?

5           A.    Yes the Company feels that we took the necessary steps to obtain  
6           prudent fuel contracts for the procurement of future electricity.

7           Q.    Does the Company agree with the selection of Gulf Power Company as  
8           the supplier for fuel for its Northwest division beginning January  
9           1, 2008.

10          A.    Yes the Company concurs with our expert consultant, Christensen  
11          Associates, that a new fuel contract in our Northwest division  
12          with Gulf Power Company is prudent and the most favorable option  
13          for the procurement of fuel. See Robert Camfield's testimony for  
14          additional details in support of our fuel procurement process.

15          Q.    Does this conclude your testimony?

16          A.    Yes.