

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080001-EI
CONTINUING SURVEILLANCE AND REVIEW OF
FUEL COST RECOVERY CLAUSES OF ELECTRIC UTILITIES

Direct Testimony of
Curtis Young and Mark Cutshaw
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Curtis Young, 401 South Dixie Highway, West Palm Beach, FL 33401.
- 3 Q. By whom are you employed?
- 4 A. I am employed by Florida Public Utilities Company.
- 5 Q. Have you previously testified in this Docket?
- 6 A. Yes.
- 7 Q. Please state your name and business address.
- 8 A. Mark Cutshaw, 401 South Dixie Highway, West Palm Beach, FL 33401.
- 9 Q. By whom are you employed?
- 10 A. I am employed by Florida Public Utilities Company.
- 11 Q. Have you previously testified in this Docket?
- 12 A. Yes.
- 13 Q. What is the purpose of your testimony at this time?
- 14 A. I will briefly describe the basis for the computations that were
- 15 made in the preparation of the various Schedules that we have
- 16 submitted in support of the January 2009 - December 2009 fuel cost
- 17 recovery adjustments for our two electric divisions. In addition,
- 18 I will advise the Commission of the projected differences between
- 19 the revenues collected under the levelized fuel adjustment and the
- 20 purchased power costs allowed in developing the levelized fuel
- 21 adjustment for the period January 2008 - December 2008 and to
- 22 establish a "true-up" amount to be collected or refunded during
- 23 January 2009 - December 2009.
- 24 Q. Were the schedules filed by your Company completed under your

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1 direction?

2 A. Yes.

3 Q. Which of the Staff's set of schedules has your company completed
4 and filed?

5 A. We have filed Schedules E1, E1A, E2, E7, and E10 for Marianna
6 (Northwest division) and E1, E1A, E2, E7, E8, and E10 for
7 Fernandina Beach (Northeast division). They are included in
8 Composite Prehearing Identification Number CDY-4.

9 Q. In derivation of the projected cost factor for the January 2009 -
10 December 2009 period, did you follow the same procedures that were
11 used in the prior period filings?

12 A. Yes.

13 Q. Why has the GSLD1 rate class for Fernandina Beach (Northeast
14 division) been excluded from these computations?

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

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

24 A. The demand cost recovery factors for each of the RS, GS, GSD, GSLD,
25 GSLD1 and OL-SL rate classes will become one element of the total
26 cost recovery factor for those classes. All other costs of
27 purchased power will be recovered by the use of the levelized
28 factor that is the same for all those rate classes. Thus the total
29 factor for each class will be the sum of the respective demand cost
30 factor and the levelized factor for all other costs.

1 Q. Is there any additional calculation of cost that is included in
2 these costs recovery factors?

3 A. Yes. We have introduced an allocation of a portion of the
4 transmission cost to the NE FL customers.

5 Q. Why is it appropriate to allocate a portion of the transmission
6 costs to the NE Florida customers?

7 A. The distribution charge (associated with distribution substations
8 in NW FL) within the fuel charge should be allocated to both
9 divisions in order to offset the disparity in substation related
10 plant cost in the two divisions. This will allow all customers to
11 contribute to the distribution charge within fuel just as all
12 customers contribute to the substation plant related cost included
13 in the base rates. Our NW division pays for a portion of
14 distribution substations via a distribution charge through the fuel
15 clause, where similar costs in our NE division are paid through
16 base rates since FPUC owns the related plant and it is included in
17 rate base. In the NW Division, Gulf Power Company owns the
18 distribution substation with the exception of
19 the distribution feeder bus. To allow for fair recovery of these
20 costs the fuel portion should be allocated between the two electric
21 divisions, similar to the rate base portion included for recovery
22 in base rates. This allows for equitable cost distribution and
23 recovery between all of our customers.

24 Q. What is the appropriate total cost allocated to the NE Florida
25 customers for the 2009 calendar year?

26 A. The appropriate total cost allocated to the NE Florida
27 customers for the 2009 calendar year is \$466,452.

28 Q. What was the basis of the allocation used to allocate
29 a portion of the transmission costs to NE Florida

1 Customers?

2 A. One half of the distribution charge will be included
3 within the NE FL fuel determination just as the substation plant
4 cost was equally allocated to all customer within base rates.

5 Q. Please address the calculation of the total true-up amount to be
6 collected or refunded during the January 2009 - December 2009?

7 A. We have determined that at the end of December 2008 based on six
8 months actual and six months estimated, we will have under-
9 recovered \$187,657 in purchased power costs in our Marianna
10 (Northwest division). Based on estimated sales for the period
11 January 2009 - December 2009, it will be necessary to add .05877¢
12 per KWH to collect this under-recovery.

13 In Fernandina Beach (Northeast division) we will have under-
14 recovered \$455,865 in purchased power costs. This amount will be
15 collected at .13591¢ per KWH during the January 2009 - December
16 2009 period (excludes GSLDI customers). Page 3 and 10 of Composite
17 Prehearing Identification Number CDY-4 provides a detail of the
18 calculation of the true-up amounts.

19 Q. What are the final remaining true-up amounts for the period January
20 2007 - December 2007 for both divisions?

21 A. In Marianna (Northwest division) the final remaining true-up amount
22 was an over-recovery of \$442,219. The final remaining true-up
23 amount for Fernandina Beach (Northeast division) was an over
24 recovery of \$949,245.

25 Q. What are the estimated true-up amounts for the period of January
26 2008 - December 2008?

27 A. In Marianna (Northwest division), there is an estimated under-
28 recovery of \$629,876. Fernandina Beach (Northeast division) has an
29 estimated under-recovery of \$1,405,110.

1 Q. What will the total fuel adjustment factor, excluding demand cost
2 recovery, be for both divisions for the period?
3 A. In Marianna (Northwest division) the total fuel adjustment factor
4 as shown on Line 33, Schedule E1, is 6.411¢ per KWH. In Fernandina
5 Beach (Northwest division) the total fuel adjustment factor for
6 "other classes", as shown on Line 43, Schedule E1, amounts to
7 6.419¢ per KWH.
8 Q. Please advise what a residential customer using 1,000 KWH will pay
9 for the period January 2009 - December 2009 including base rates,
10 conservation cost recovery factors, and fuel adjustment factor and
11 after application of a line loss multiplier.
12 A. In Marianna (Northwest division) a residential customer using 1,000
13 KWH will pay \$136.59, an increase of \$13.14 from the previous
14 period. In Fernandina Beach (Northeast division) a customer will
15 pay \$122.28, an increase of \$5.84 from the previous period.
16 Q. Does this conclude your testimony?
17 A. Yes.