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July 27, 2018

**BY E-PORTAL**

Ms. Carlotta Stauffer, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 20180001-EI: Fuel and Purchased Power Cost Recovery Clause with  
Generating Performance Incentive Factor**

Dear Ms. Stauffer:

Attached for filing, please find the Petition for Approval of Actual/Estimated True-Up Amount submitted on behalf of Florida Public Utilities Company, along with the Direct Testimony and Exhibit MC-1 of Mr. Mike Cassel.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

MEK  
cc:/(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 20180001-EI  
| DATED: July 27, 2018

**FLORIDA PUBLIC UTILITIES COMPANY'S  
PETITION FOR APPROVAL  
OF FUEL ADJUSTMENT AND PURCHASED POWER COST RECOVERY  
ESTIMATED/ACTUAL TRUE-UP AMOUNT**

Florida Public Utilities Company (FPUC or Company), by and through its undersigned counsel, hereby files this Petition asking the Florida Public Service Commission (FPSC or Commission) for approval of FPUC's fuel adjustment and purchased power cost recovery estimated true-up amount for the period January 2018 through December 2018. In support of this request, the Company hereby states:

- 1) FPUC is an electric utility subject to the Commission's jurisdiction. Its principal business address is:

Florida Public Utilities Company  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034

- 2) The name and mailing address of the persons authorized to receive notices are:

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

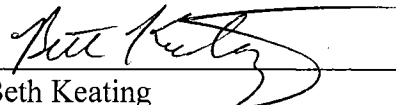
Mike Cassel  
Florida Public Utilities Company  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034

- 3) Consistent with the requirements for this proceeding, the Company has prefiled the fuel adjustment and purchased power cost recovery true-up forms supplied by the Commission consistent with the requirements for such filings.

- 4) In accordance with Order No. PSC-2018-0079-PCO-EI, issued February 14, 2018, as modified by Order No. PSC-2018-0164-PCO-EI, the Company is also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit MC-1 of Mr. Mike Cassel in support of the Company's request for approval of the requested actual/estimated true-up amount.
- 5) The final true-up amount for the period January 2017 through December 2017 is a consolidated under-recovery of \$ 2,245,979.
- 6) The estimated true-up amount for the period January 2018 through December 2018 is an under-recovery of \$ 3,176,245.
- 7) The Company's total true-up amount that would be collected or refunded during the period January 2019 through December 2019 is an under-recovery of \$5,422,224.

WHEREFORE, FPUC respectfully requests that the Commission approve the estimated true-up amount for January 2018 through December 2018.

RESPECTFULLY SUBMITTED this 27th day of July, 2018.



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Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

*Attorneys for Florida Public Utilities Company*

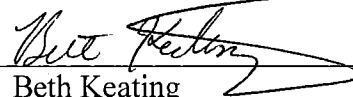
**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Petition for Approval of Estimated/Actual True-Up Amount, as well as the Direct Testimony and Exhibit MC-1 of Mike Cassel, has been furnished by Electronic Mail to the following parties of record this 27th day of July, 2018:

Danijela Janjic Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <a href="mailto:djanjic@psc.state.fl.us">djanjic@psc.state.fl.us</a> <a href="mailto:sbrownle@psc.state.fl.us">sbrownle@psc.state.fl.us</a>	James D. Beasley/J. Jeffrey Wahlen Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 <a href="mailto:jbeasley@ausley.com">jbeasley@ausley.com</a> <a href="mailto:jwahlen@ausley.com">jwahlen@ausley.com</a>
Russell Badders/Steven Griffin Beggs & Lane P.O. Box 12950 Pensacola, FL 32591-2950 <a href="mailto:srg@beggslane.com">srg@beggslane.com</a>	James W. Brew/Laura Wynn Stone Matheis Xenopoulos & Brew, PC Eighth Floor, West Tower 1025 Thomas Jefferson Street, NW Washington, DC 20007 <a href="mailto:jbrew@smxblaw.com">jbrew@smxblaw.com</a>
John T. Butler Maria Moncada Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 <a href="mailto:John.Butler@fpl.com">John.Butler@fpl.com</a>	Kenneth Hoffman Florida Power & Light Company 215 South Monroe Street, Suite 810 Tallahassee, FL 32301 <a href="mailto:Ken.Hoffman@fpl.com">Ken.Hoffman@fpl.com</a>
Ms. Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601-0111 <a href="mailto:Regdept@tecoenergy.com">Regdept@tecoenergy.com</a>	Florida Industrial Users Power Group Jon C. Moyle, Jr. Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 <a href="mailto:jmoyle@moylelaw.com">jmoyle@moylelaw.com</a>
Mike Cassel Florida Public Utilities Company 1750 SW 14th Street, Suite 200 Fernandina Beach, FL 32034 <a href="mailto:mcassel@fpuc.com">mcassel@fpuc.com</a>	Florida Retail Federation Robert Scheffel Wright/John T. LaVia Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 <a href="mailto:schef@gbwlegal.com">schef@gbwlegal.com</a>

Rhonda J. Alexander Gulf Power Company One Energy Place Pensacola, FL 32520-0780 <a href="mailto:rjalexad@southernco.com">rjalexad@southernco.com</a>	P. Christensen/C. Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Christensen.patty@leg.state.fl.us">Christensen.patty@leg.state.fl.us</a> <a href="mailto:Rehwinkel.Charles@leg.state.fl.us">Rehwinkel.Charles@leg.state.fl.us</a>
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Jeffrey A. Stone General Counsel Gulf Power Company One Energy Place Pensacola, FL 32520-0780 <a href="mailto:jastone@southernco.com">jastone@southernco.com</a>	Michael Barrett Division of Accounting and Finance Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, Florida 32399-0850 <a href="mailto:mbarrett@psc.state.fl.us">mbarrett@psc.state.fl.us</a>

By:



Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 20180001-EI: Fuel and purchased power cost recovery clause

Direct Testimony (Actual/Estimated True-Up) of Michael Cassel

On Behalf of

Florida Public Utilities Company

1           **Q.    Please state your name and business address.**

2           A.    My name is Michael Cassel. My business address is 1750 S. 14<sup>th</sup> Street, Suite  
3                   200, Fernandina Beach, Florida 32034.

4           **Q.    By whom are you employed?**

5           A.    I am employed by Florida Public Utilities Company (“FPUC” or “Company”)

6           **Q.    Describe briefly your education and relevant professional background.**

7           A.    I received a Bachelor of Science Degree in Accounting from Delaware State  
8                   University in Dover, Delaware in 1996. I was hired by Chesapeake Utilities  
9                   Corporation (CUC) as a Senior Regulatory Analyst in March 2008. As a  
10                  Senior Regulatory Analyst, I was primarily involved in the areas of gas cost  
11                  recovery, rate of return analysis, and budgeting for the CUC’s Delaware and  
12                  Maryland natural gas distribution companies. In 2010, I moved to Florida in  
13                  the role of Senior Tax Accountant for CUC’s Florida business units. Since that  
14                  time, I have held various management roles including Manager of the Back  
15                  Office in 2011, Director of Business Management in 2012. I am currently the  
16                  Director of Regulatory and Governmental Affairs for CUC’s Florida business  
17                  units. My responsibilities include directing the regulatory and governmental

1                   affairs activity for CUC in Florida including regulatory analysis, and reporting  
2                   and filings before the Florida Public Service Commission (FPSC). Prior to  
3                   joining Chesapeake, I was employed by J.P. Morgan Chase & Company, Inc.  
4                   from 2006 to 2008 as a Financial Manager in their card finance group. My  
5                   primary responsibility in this position was the development of client specific  
6                   financial models and profit loss statements. I was also employed by Computer  
7                   Sciences Corporation as a Senior Finance Manager from 1999 to 2006. In this  
8                   position, I was responsible for the financial operation of the company's  
9                   chemical, oil and natural resources business. This included forecasting,  
10                  financial close and reporting responsibility, as well as representing Computer  
11                  Sciences Corporation's financial interests in contract/service negotiations with  
12                  existing and potential clients. From 1996 to 1999 I was employed by J.P.  
13                  Morgan, Inc. where I had various accounting/finance responsibilities for the  
14                  firm's private banking clientele.

15               **Q. Have you previously testified in this Docket?**

16               A. Yes, I have.

17               **Q. What is the purpose of your testimony at this time?**

18               A. I will briefly describe the basis for the Company's computations made in  
19               preparation of the schedules being submitted in support of the calculation for  
20               the levelized fuel adjustment factor for January 2019 – December 2019.

21               **Q. Were the schedules filed by the Company completed by you or under**  
22               **your direction?**

- 1           A.    The schedules were completed under my direct supervision and review.
- 2           **Q.    Which of the Staff's schedules is the Company providing in support of**  
3           **this filing?**
- 4           A.    I am including Schedules E1-A, E1-B, and E1-B1 as part of my Exhibit MC-1.  
5           Schedule E1-B shows the Calculation of Purchased Power Costs and  
6           Calculation of True-Up and Interest Provision for the period January 2018 –  
7           December 2018 based on 6 Months Actual and 6 Months Estimated data.
- 8           **Q.    What was the final remaining true-up amount for the period January**  
9           **2017 – December 2017?**
- 10          A.    The final remaining true-up amount was an under-recovery of \$2,245,979.
- 11          **Q.    What is the estimated true-up amount for the period January 2018 –**  
12          **December 2018?**
- 13          A.    The estimated true-up amount is an under-recovery of \$3,176,245.
- 14          **Q.    What is the total true-up amount to be collected, or refunded during**  
15          **January 2019 – December 2019?**
- 16          A.    At the end of December 2018, based on six months actual and six months  
17          estimated, the Company estimates it will under-recover \$5,422,224 in  
18          purchased power costs, which will be collected from January 2019 –  
19          December 2019.
- 20          **Q.    Has the Company made any revisions to its 6-month estimated 2018 data**  
21          **on its submitted Schedules from previously filed projections for this same**  
22          **period?**



1           A.    Yes, we have made revisions to our monthly estimates of our KWH sales data  
2                    based on information available from our most current budget forecasts. Also,  
3                    our estimated purchases and fuel costs have updated in accordance with the  
4                    current billing data.

5           **Q.    Does this conclude your testimony?**

6           A.    Yes.

**FLORIDA PUBLIC UTILITIES COMPANY**  
**CALCULATION OF TRUE-UP SURCHARGE**  
**APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD**  
**JANUARY 2018 - DECEMBER 2018**  
**BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED OPERATIONS**

**Florida Division -CONSOLIDATED**

Under-recovery of purchased power costs for the period  
January 2018 - December 2018. (See Schedule E1-B, Calculation  
of Estimated Purchased Power Costs and Calculation of True-  
Up and Interest Provision for the Twelve Month Period ended  
December 2018.)(Estimated)

\$ 5,422,224

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	
FLORIDA PUBLIC UTILITIES COMPANY																						Schedule E-1b	
CALCULATION OF PURCHASED POWER COSTS AND CALCULATION OF TRUE-UP AND INTEREST PROVISION-EXCLUDING GSLD1																							
ACTUAL/ESTIMATED FOR THE PERIOD: JANUARY 2018 THROUGH DECEMBER 2018																							
BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED																							
(EXCLUDES LINE LOSS - EXCLUDES TAXES)																							
<b>CONSOLIDATED</b>																							
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Total		
	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Dec 2018		
10	Total System Sales - KWH																						
11	West-Rock Purchases - KWH																						
12	Rayonier Purchases - KWH - On Peak																						
13	Rayonier Purchases - KWH - Off Peak																						
14	Eight Flags Purchases - KWH - KWH																						
15	FPL Purchases - KWH																						
16	Gulf Purchases - KWH																						
17	Generation Demand - KW - FPL																						
18	Transmission Demand - KW - FPL																						
19	Transmission Demand - KW - Southern																						
20	Purchased Power Rates:																						
21	Weak Rock Fuel Costs - \$/MWH																						
22	Rayonier Energy Charge - On Peak - \$/MWH																						
23	Rayonier Energy Charge - Off Peak - \$/MWH																						
24	Eight Flags Charge - \$/KWH - FPL																						
25	Base Fuel Costs - \$/KWH - FPL																						
26	Base Fuel Costs - \$/KWH GULF																						
27	Energy Charge - \$/MWH - FPL																						
28	Demand and Non-Fuel:																						
29	Demand Charge - \$/KW - FPL																						
30	Demand Charge - \$/KW - Gulf																						
31	Distribution Facility Charge																						
32	Transmission Charge \$/KW - FPL																						
33	Transmission Charge \$/KW - Southern																						
34	Purchased Power Costs:																						
35	RockTenn Fuel Costs																						
36	Rayonier Standby Costs																						
37	Eight Flags																						
38	Gulf Base Fuel Costs																						
39	FPL Base Fuel Costs																						
40	FPL Fuel Adjustment																						
41	Subtotal Fuel Costs																						
42	Demand and Non-Fuel Costs: Demand Capacity Charge																						
43	Distr. Fac. Charge																						
44	FERC & Meter Reading																						
45	Transmission Charge																						
46	Subtotal Demand & Non-Fuel Costs																						
47	Total System Purchased Power Costs																						
48	Less Direct Billing To GSD11 Class:																						
49	Net Purchased Power Costs																						
50	Special Costs*																						
51	Total Costs and Charges																						
52	Sales Revenues - Fuel Adjustment Revenues:																						
53	RS<																						
54	RS																						
55	GS																						
56	GSD																						
57	GSLD																						
58	LS																						
59	Unbilled Fuel Revenues																						
60	Total Fuel Revenues (Excl. GSD11)																						
61	GSD11 Fuel Revenues 17197																						
62	Non-Fuel Revenues																						
63	Total Sales Revenue																						
64	KWH Sales:																						
65	RS<																						
66	RS																						
67	GS																						
68	GSD																						
69	GSLD																						
70	GSD11																						
71	LS																						
72	Total KWH Sales																						
73	True-up Calculation (Excl. GSD11):																						
74	Fuel Revenues																						
75	True-up Provision - collect/(refund)																						
76	Gross Receipts Tax Refund																						
77	Fuel Revenue																						
78	Net Purchased Power and Other Fuel Costs																						
79	True-up Provision for the Period																						
80	Interest Provision for the Period																						
81	Beginning of Period True-up and Interest Provision																						
82	True-up Collected or (Refunded)																						
83	End of Period, Net True-up and Int. Prov.																						
84	Beginning True-up Amount																						
85	Ending True-up Amount Before Interest																						
86	Total Beginning and Ending True-up																						
87	Average True-up Amount																						
88	Average Annual Interest Rate																						
89	Interest Provision																						
90	Includes Consulting fees, Legal fees and Taxes on Company Use.																						
91	10% Rule Interest Provision: -9.03%																						
92	Exhibit No.																						
93	DOCKET NO. 180001-EI																						
94	Florida Public Utilities Company																						
95	(MC-1)																						
96	Page 2 of 3																						

FLORIDA PUBLIC UTILITIES COMPANY  
 CONSOLIDATED FLORIDA DIVISIONS  
 COMPARISON OF ESTIMATED/ACTUAL VERSUS ORIGINAL PROJECTIONS  
 OF THE FUEL AND PURCHASED POWER COST RECOVERY FACTOR  
 JANUARY 2018 - DECEMBER 2018

	DOLLARS				MWH				CENTS/KWH			
	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%
1 Fuel Cost of System Net Generation (A3)					0	0	0	0.0%	0.0000	0.0000	0.0000	0.0%
2 Nuclear Fuel Disposal Cost (A13)												
3 Coal Car Investment												
4 Adjustments to Fuel Cost (A2, Page 1)												
5 TOTAL COST OF GENERATED POWER	0	0	0	0.0%	0	0	0	0.0%	0.0000	0.0000	0.0000	0.0%
6 Fuel Cost of Purchased Power (Exclusive of Economy) (A8)	24,514,231	22,399,933	2,114,298	9.4%	488,604	493,989	(5,385)	-1.1%	5.01720	4.53450	0.48270	10.7%
7 Energy Cost of Sched C & X Econ Purch (Broker)(A9)												
8 Energy Cost of Other Econ Purch (Non-Broker)(A9)												
9 Energy Cost of Sched E Economy Purch (A9)												
10 Demand and Non Fuel Cost of Purchased Power (A9)	21,581,152	21,639,729	(58,577)	-0.3%	488,604	493,989	(5,385)	-1.1%	4.41690	4.38061	0.03629	0.8%
11 Energy Payments to Qualifying Facilities (A8a)	13,941,193	14,531,035	(589,842)	-4.1%	184,939	182,581	2,358	1.3%	7.53827	7.95868	(0.42041)	-5.3%
12 TOTAL COST OF PURCHASED POWER	<u>60,036,576</u>	<u>58,570,697</u>	<u>1,465,879</u>	2.5%	673,543	676,570	(3,027)	-0.5%	8.91355	8.65700	0.25655	3.0%
13 TOTAL AVAILABLE MWH (LINE 5 + LINE 12)					673,543	676,570	(3,027)	-0.5%				
14 Fuel Cost of Economy Sales (A7)												
15 Gain on Economy Sales (A7a)												
16 Fuel Cost of Unit Power Sales (SL2 Partpts)(A7)												
17 Fuel Cost of Other Power Sales (A7)	453,856	221,000	232,856	105.4%								
18 TOTAL FUEL COST AND GAINS OF POWER SALES (LINE 14 + 15 + 16 + 17)	<u>453,856</u>	<u>221,000</u>	<u>232,856</u>	105.4%	0	0	0	0.0%	0.00000	0.00000	0.00000	0.0%
19 NET INADVERTENT INTERCHANGE (A10)												
20 TOTAL FUEL AND NET POWER TRANSACTIONS (LINES 5 + 12 + 18 + 19)	<u>60,490,432</u>	<u>58,791,697</u>	<u>1,698,735</u>	2.9%	673,543	676,570	(3,027)	-0.5%	8.98093	8.68967	0.29126	3.4%
21 Net Unbilled Sales (A4)	(902,134) *	0 *	(902,134)	0.0%	(10,045)	0	(10,045)	0.0%	(0.13642)	0.00000	(0.13642)	0.0%
22 Company Use (A4)	51,820 *	57,699 *	(5,879)	-10.2%	577	664	(87)	-13.1%	0.00784	0.00875	(0.00091)	-10.4%
23 T & D Losses (A4)	1,952,364 *	1,462,558 *	489,806	33.5%	21,739	16,831	4,908	29.2%	0.29524	0.22191	0.07333	33.0%
24 SYSTEM KWH SALES	60,490,432	58,791,697	1,698,735	2.9%	661,272	659,075	2,197	0.3%	9.14759	8.92033	0.22726	2.6%
25 Wholesale KWH Sales												
26 Jurisdictional KWH Sales	60,490,432	58,791,697	1,698,735	2.9%	661,272	659,075	2,197	0.3%	9.14759	8.92033	0.22726	2.6%
26a Jurisdictional Loss Multiplier	1.000	1.000	0.000	0.0%	1.000	1.000	0.000	0.0%	1.000	1.000	0.00000	0.0%
27 Jurisdictional KWH Sales Adjusted for Line Losses	60,490,432	58,791,697	1,698,735	2.9%	661,272	659,075	2,197	0.3%	9.14759	8.92033	0.22726	2.6%
28 GPIF**												
29 TRUE-UP**	3,391,416	3,391,416	0	0.0%	661,272	659,075	2,197	0.3%	0.51286	0.51457	(0.00171)	-0.3%
30 TOTAL JURISDICTIONAL FUEL COST	<u>63,881,848</u>	<u>62,183,113</u>	<u>1,698,735</u>	2.7%	661,272	659,075	2,197	0.3%	9.66045	9.43491	0.22554	2.4%
31 Revenue Tax Factor									1.00072	1.00072	0.00000	0.0%
32 Fuel Factor Adjusted for Taxes									9.66741	9.44170	0.22571	2.4%
33 FUEL FAC ROUNDED TO NEAREST .001 (CENTS/KWH)									9.667	9.442	0.225	2.4%

\*Included for Informational Purposes Only  
 \*\*Calculation Based on Jurisdictional KWH Sales