

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 090001-EI  
CONTINUING SURVEILLANCE AND REVIEW OF  
FUEL COST RECOVERY CLAUSES OF ELECTRIC UTILITIES

Direct Testimony of  
Curtis D. Young  
On Behalf of  
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Curtis D. Young, 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.
- 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 our computations that were  
10 made in preparation of the various schedules that we have submitted  
11 to support our calculation of the levelized fuel adjustment factor  
12 for January 2010 - December 2010.
- 13 Q. Were the schedules filed by your Company completed under your  
14 direction?
- 15 A. Yes
- 16 Q. Which of the Staff's set of schedules has your company completed  
17 and filed?
- 18 A. We have filed Schedules E1-A, E1-B, and E1-B1 for Marianna and E1-  
19 A, E1-B, and E1-B1 for Fernandina Beach. They are included in  
20 Composite Prehearing Identification Number CDY-1. Schedule E1-B  
21 shows the Calculation of Purchased Power Costs and Calculation of  
22 True-Up and Interest Provision for the period January 2009 -  
23 December 2009 based on 6 Months Actual and 6 Months Estimated data.
- 24 Q. Please address the calculations of the total true-up amount to be

DOCUMENT NUMBER-DATE  
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1 collected or refunded during January 2010 - December 2010.

2 A. We have determined that at the end of December 2009 based on six  
3 months actual and six months estimated, we will under-recover  
4 \$1,745,367 in purchased power costs in our Marianna division. In  
5 Fernandina Beach we will have under-recovered \$825,258 in purchased  
6 power costs.

7 Q. What are the final remaining true-up amounts for the period January  
8 2008 - December 2008 for both divisions?

9 A. In Marianna, the final remaining true-up amount was an over-  
10 recovery of \$591,984. The final remaining true-up amount for  
11 Fernandina Beach was an over-recovery of \$1,659,809.

12 Q. What are the estimated true-up amounts for the period January 2009  
13 - December 2009?

14 A. In Marianna, there is an estimated under-recovery of \$2,337,351.  
15 Fernandina Beach has an estimated under-recovery of \$2,485,067.

16 Q. Are there any other issues relevant to this docket that you wish to  
17 present at this time?

18 A. Yes. On January 26, 2009, Smurfit-Stone Container Corporation filed  
19 for bankruptcy protection. Smurfit-Stone is a Florida Public  
20 Utilities Company customer in the Northeast Division and is billed  
21 under the General Service Large Demand 1 (GSLD1) rate. In order to  
22 capture the pre- and post-bankruptcy cost that resulted, two  
23 separate bills were generated based on the criteria set forth in  
24 the GSLD1 rate structure. Based on the demand components of the  
25 billing methodology, the sum of the two bills exceeded the fuel  
26 revenue amount that would have been billed if the bankruptcy had  
27 not occurred and only one bill was generated. The net amount of the  
28 GSLD1 excess fuel revenue adjustment is \$100,076 (see attached  
29 Exhibit 1 for this calculation).

1 Q. What effect, if any, has this adjustment had on the fuel cost  
2 recoveries of the other remaining customer classes.

3 A. None. The fuel costs allocated to the remaining customer classes  
4 and all over and under recoveries for these customers are  
5 appropriate and would be the same if the bankruptcy did not occur.

6 Q. What is the appropriate treatment for the GSLD1 fuel billing  
7 adjustment?

8 A. Since this adjustment is specific to one GSLD1 Customer and the  
9 tariff and fuel clause requires direct pass-through of fuel costs  
10 to this type of customer, no over or under recoveries should exist.  
11 It would be appropriate to apply the excess fuel revenue billed to  
12 this specific GSLD1 customer against the portion of their  
13 bankruptcy-related bad debt write-off that is related to fuel  
14 revenues. The net result of this adjustment would be a reduction to  
15 GSLD1 fuel revenue of \$100,148 (see attached Exhibit 1 for this  
16 calculation) and a reduction of the GSLD1 Accounts Receivable (pre-  
17 bankruptcy bad debt write-off) on the fuel revenue portion only.

18 Q. Does this conclude your testimony?

19 A. Yes.