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MAIL ROOM

Jack L. Haskins
Manager of Rates and Regulatory Matters
and Assistant Secretary

the southern electric system

January 22, 1996

ORIGINAL
FILE COPY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Enclosed for official filing in Docket No. **960007-EI** are an original and fifteen copies of the following:

00708-96 1. Petition of Gulf Power Company for Approval of Final Environmental Cost Recovery True-up Amounts for April 1995 through September 1995; Estimated Environmental Cost Recovery True-up Amounts for October 1995 through March 1996; Projected Environmental Cost Recovery Amounts for April 1996 through September 1996; and Environmental Cost Recovery Factors to be Applied Beginning with the Period April 1996 through September 1996.

00709-96 2. Prepared direct testimony of J. O. Vick.

00710-96 3. Prepared direct testimony of M. L. Gilchrist.

00711-96 4. Prepared direct testimony and exhibit of S. D. Cranmer.

ACK _____ Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

AFS _____
APP _____ Sincerely,

CAF _____
CMU _____ *Jack L. Haskins*
CIR _____

EAH *Bess* ⁵ab
LEG ¹ _____ Enclosures

LEI *Dist* ³ _____
OPC _____ cc: Beggs and Lane
RCH _____ Jeffrey A. Stone, Esquire

SEC ¹ _____
WAS _____
OTH _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)

) Docket No. 960007-EI
)

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 22nd day of January 1996, by U.S. Mail or hand delivery to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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DOCKET NO. 960007-EI

PREPARED DIRECT TESTIMONY
OF

M. L. GILCHRIST

ENVIRONMENTAL COST RECOVERY CLAUSE

APRIL 1996 - SEPTEMBER 1996

JANUARY 22, 1996



GULF POWER



DOCUMENT NUMBER-DATE

00710 JAN 22 86

FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 M. L. Gilchrist
5 Docket No. 960007-EI
6 Date of Filing January 22, 1996

7 Q. Please state your name and business address.

8 A. My name is M. L. Gilchrist, and my business address is 500 Bayfront
9 Parkway, Pensacola, Florida, 32520-0328.

10 Q. By whom are you employed and in what capacity?

11 A. I am Manager of Fuel and Environmental Affairs for Gulf Power Company.
12

13 Q. Mr. Gilchrist, will you please describe your education and experience?

14 A. I graduated from Auburn University in 1958 with a Bachelor of Science
15 Degree in Electrical Engineering. I joined Gulf Power Company in 1961
16 as a Field Engineer. Since then, I have held various positions with the
17 Company, including Power Sales Engineer, Division Sales Supervisor,
18 Division Engineer, Supervisor of Fuel Supply, Assistant Plant Manager at
19 Crist Electric Generating Plant, and Manager of Interchange and Fuel
20 Supply. I was promoted to my present position June 1, 1989.

21
22 Q. What are your duties as Manager of Fuel and Environmental Affairs?

23 A. I manage the fuel supply and environmental compliance activities of the
24 Company. My responsibilities include fuel procurement, fuel contract
25 administration, and fuel budgeting. In addition, I serve as the Company's

1 Alternate Designated Representative for the Clean Air Act (CAA) and the
2 Alternate Authorized Account Representative (AAAR) for CAA SO₂
3 emission allowance administration.
4

5 Q. Are you the same Lane Gilchrist who has previously testified before this
6 Commission on various fuel matters?

7 A. Yes.
8

9 Q. Mr. Gilchrist, what is the purpose of your testimony in this docket?

10 A. The purpose of my testimony is to support Gulf Power Company's
11 projection of CAA emission allowances expended during the period
12 April 1, 1995 to September 30, 1996 and to be available to answer any
13 questions that may occur concerning the Company's CAA allowance
14 administration.
15

16 Q. Has the Company included expenditures for emission allowances in its
17 projection for this filing?

18 A. Yes. Phase I of the CAA became effective January 1, 1995, therefore,
19 this projection includes an estimate of the cost of allowances to be
20 expended during the period.
21

22 Q. How is the number of allowances expected to be used projected?

23 A. The same fuel budget model that predicts the coal burn in units affected
24 by CAA Phase I also forecasts the number of tons of sulfur in the coal
25 burned, which is readily converted to tons of SO₂.

1

2 Q. How was the cost of allowances to be expended determined for the
3 forecast?

4 A. The projected cost of allowances was determined by a method very
5 similar to fuel inventory as specified by FERC procedures. In other
6 words, allowances are held "in stock" at cost and are "issued" at the
7 projected cost of allowances which is based on anticipated allowances
8 granted net of allowance sales, purchases, and transfers.

9

10 Q. Did the Company project the purchase or sale of allowances during the
11 forecast period?

12 A. No. The only transactions projected are the inventory adjustments for
13 allowances surrendered to the EPA for 1996 emissions and the 1996
14 allowances allocated from the EPA.

15

16 Q. Mr. Gilchrist, does this conclude your testimony?

17 A. Yes.

18

19

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21

22

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25

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 960007-EI

Before me the undersigned authority, personally appeared M. L. Gilchrist, who being first duly sworn, deposes, and says that he is the Manager of Fuel and Environmental Affairs of Gulf Power Company, a Maine corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



M. L. Gilchrist
Manager of Fuel and Environmental Affairs

Sworn to and subscribed before me this 19th day of January, 1996.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

