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ORIGINAL



November 20, 1997

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:

RE: Docket No. 970001-EI

Enclosed for official filing in the above docket are an original and ten (10) copies of the following:

- 1. Prepared direct testimony and exhibit of S. D. Cranmer. 11936-97
- 2. Prepared direct testimony and exhibit of M. F. Oaks. 11937-97
- 3. Prepared direct testimony and exhibit of G. D. Fontaine. 11938-97
- 4. Prepared direct testimony of M. W. Howell. 11939-97

ACK \_\_\_\_\_  
 AFA 2  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMI \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 LIT \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_  
 SEC \_\_\_\_\_  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

Sincerely,

*Susan D. Cranmer*

Susan D. Cranmer  
Assistant Secretary and Assistant Treasurer

1 lw  
3 + ds  
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost )  
Recovery Clause with Generating )  
Performance Incentive Factor )

Docket No. 970001-EI

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 19th day of November 1997 on the following:

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FUEL AND PURCHASED POWER COST RECOVERY

DOCKET NO. 970001-EI

PREPARED DIRECT TESTIMONY  
OF  
M. W. HOWELL

FINAL TRUE-UP

NOVEMBER 20, 1997



A SOUTHERN COMPANY | 1939 NOV 20 5

DOCUMENT NUMBER-DATE

FPSC-RECORDS/REPORTING



1       Manager of System Planning, Manager of Fuel and System  
2       Planning, and Transmission and System Control Manager.  
3       My experience with the Company has included all areas of  
4       distribution operation, maintenance, and construction;  
5       transmission operation, maintenance, and construction;  
6       relaying and protection of the generation, transmission,  
7       and distribution systems; planning the generation,  
8       transmission, and distribution system; bulk power  
9       interchange administration; overall management of fuel  
10      planning and procurement; and operation of the system  
11      dispatch center.

12                I am a member of the Engineering Committees and  
13      the Operating Committees of the Southeastern Electric  
14      Reliability Council and the Florida Reliability  
15      Coordinating Council, and have served as chairman of the  
16      Generation Subcommittee of the Edison Electric Institute  
17      System Planning Committee. I have served as chairman or  
18      member of many technical committees and task forces  
19      within the Southern electric system, the Florida  
20      Electric Power Coordinating Group, and the North  
21      American Electric Reliability Council. These have dealt  
22      with a variety of technical issues including bulk power  
23      security, system operations, bulk power contracts,  
24      generation expansion, transmission expansion,  
25      transmission interconnection requirements, central

1 dispatch, transmission system operation, transient  
2 stability, underfrequency operation, generator  
3 underfrequency protection, and system production  
4 costing.

5  
6 Q. What is the purpose of your testimony in this  
7 proceeding?

8 A. I will summarize Gulf Power Company's purchased power  
9 recoverable costs for energy purchases and sales that  
10 were incurred during the April 1, 1997 through September  
11 30, 1997 recovery period. I will then compare these  
12 actual costs to their projected levels for the period  
13 and discuss the primary reasons for the differences.

14  
15 Q. During the period April 1, 1997 through September 30,  
16 1997, what was Gulf's actual purchased power recoverable  
17 cost for energy purchases and how did it compare with  
18 the projected amount?

19 A. Gulf's actual total purchased power recoverable cost for  
20 energy purchases, as shown on line 12 of Schedule A-1,  
21 was \$14,163,434 for 742,839.891 KWH as compared to the  
22 projected amount of \$10,622,241 for 530,540,000 KWH.  
23 The actual cost per KWH purchased was 1.9067 ¢/KWH as  
24 compared to the projected 2.0022 ¢/KWH, or 5% below the  
25 projection. This lower price is why the amount of



1 energy purchased was 40% over the projected amount.

2

3 Q. What were the events that influenced Gulf's purchase of  
4 energy?

5 A. During the recovery period, the availability of lower  
6 cost pool energy due to lower than budgeted system  
7 territorial loads and higher than budgeted nuclear and  
8 hydro generation on the Southern electric system during  
9 the summer months allowed Gulf to purchase more energy  
10 at a lower unit price than was forecasted in order to  
11 meet its load obligations.

12

13 Q. During the period April 1, 1997 through September 30,  
14 1997, what was Gulf's actual purchased power fuel cost  
15 for energy sales and how did it compare with the  
16 projected amount?

17 A. Gulf's actual total purchased power fuel cost for energy  
18 sales, shown on line 18 of Schedule A-1, was \$20,243,585  
19 for 1,079,735,770 KWH as compared to the projected  
20 amount of \$17,664,800 for 1,032,484,000 KWH. This  
21 resulted in a variance above budget of \$2,578,785, or  
22 15%. The actual fuel cost per KWH sold was 1.8749 ¢/KWH  
23 as compared to 1.7109 ¢/KWH, or 10% above projection.

24

25

1 Q. What were the events that influenced Gulf's sale of  
2 energy?

3 A. During the recovery period, the Southern electric system  
4 experienced a higher than budgeted demand for off-system  
5 Unit Power and economy energy. Therefore, Gulf sold  
6 more energy at a higher unit price to meet system  
7 obligations for these sales.

8  
9 Q. How are Gulf's net purchased power fuel costs affected  
10 by Southern electric system energy sales?

11 A. As a member of the Southern electric system power pool,  
12 Gulf Power participates in these sales. Gulf's  
13 generating units are economically dispatched to meet the  
14 needs of its territorial customers, the system, and  
15 off-system customers.

16 Therefore, Southern system energy sales provide a  
17 market for Gulf's surplus energy and generally improve  
18 unit load factors. The cost of fuel used to make these  
19 sales is credited against, and therefore reduces, Gulf's  
20 fuel and purchased power costs. Overall, Gulf's Total  
21 Fuel and Net Power Transactions for the recovery period,  
22 as shown on line 20 of Schedule A-1, were 2% under  
23 budget.

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1 Q. Does this conclude your testimony?

2 A. Yes.

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AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA   )

Docket No. 970001-EI

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

M. W. Howell  
M. W. Howell  
Transmission and System Control  
Manager

Sworn to and subscribed before me this 18th day of November, 1997.

Linda C. Webb  
Notary Public, State of Florida at Large  
Commission No.  
My Commission Expires



LINDA C. WEBB  
Notary Public-State of FL  
Comm. Exp: May 31, 1999  
Comm. No: 66382783