

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**PURCHASED POWER ARRANGEMENT
REGARDING SMITH UNIT 3**

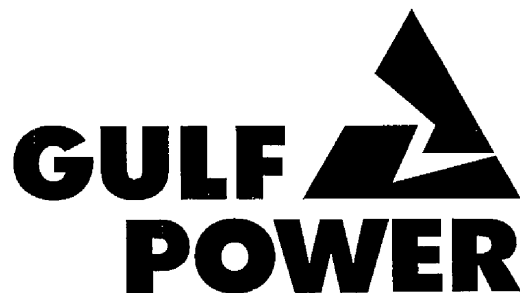
DOCKET NO. 010827-EI

PREPARED DIRECT TESTIMONY

OF

MARIA JEFFERS BURKE

JUNE 18, 2001



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

07563 JUN 18 2001

FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Direct Testimony of
4 Maria Jeffers Burke
5 Docket No. 010827-EI
6 Date Filed: June 18, 2001

7 Q. Please state your name, business address and occupation.

8 A. My name is Maria Jeffers Burke and my address is Southern Company
9 Services, 600 North 18th Street, Birmingham, Alabama 35202. I have just
10 accepted the position Assistant to Chief Transmission Officer of Southern
11 Company. But, as Project Manager for Generation Planning and
12 Development, my most recent position prior to June 11, 2001, I had
13 responsibility for Bid Evaluations.

14 Q. Please describe your educational background and experience.

15 A. I graduated from Auburn University in August 1986 with a Bachelor of
16 Science degree in Chemical Engineering, and from Samford University in
17 May 2001 with a Masters in Business Administration. In 1986, I began my
18 career with the Southern Company at a research facility in Wilsonville,
19 Alabama as a process engineer, and then as the environmental engineer.
20 I continued my environmental permitting work with Southern Electric
21 International in 1990, helping to develop independent power projects both
22 domestically and internationally. I joined the System Planning Department
23 of Southern Company Services (SCS) in November 1992 and spent the
24 next six years in various engineering and supervisory positions. I have
25 been involved in bid evaluation since December 1996, and recently

1 accepted my current position, Assistant to the Chief Transmission Officer
2 effective June 11, 2001.

3

4 Q. Ms. Burke, what is the purpose of your testimony in this proceeding?

5 A. The purpose of my testimony is to support that the proposed Power
6 Purchase Agreement (PPA) between Southern Power Company and Gulf
7 Power is a lower cost alternative than any of the bids which Gulf received
8 in the Request for Proposals (RFP) solicitation related to Gulf's Need
9 Determination in Docket No. 990325-EI, in which Smith Unit 3 was shown
10 to be the clear economic alternative.

11

12 Q. Please describe your role as it related to solicitations for capacity
13 resources made on behalf of the Southern companies.

14 A. In my position at the time of Gulf's solicitation, I was responsible for the
15 evaluation of both short-term and long-term supply side offers for the
16 Southern operating companies. Prior to the Gulf RFP, I had been involved
17 in two other solicitations: a Southern system solicitation issued in March
18 1997 for short-term needs, and an informal market test for Alabama
19 Power. As a result of these solicitations, Southern became concerned
20 that large amounts of relatively inexpensive purchased power were not
21 going to be available much longer, and that the market would soon begin
22 to extract a premium for capacity. Since the Gulf RFP, I have led a team
23 of evaluators through three additional RFP solicitations for Alabama and
24 Georgia Power Companies.

25

1 Q. What role did you play in the Gulf Power solicitation?

2 A. For the Gulf Power solicitation, I led the bid evaluation team, conducting
3 the generation cost analysis of the proposals and completing the relative
4 ranking of the alternatives. I was directly involved in the entire process
5 from the early stages of the solicitation, helping Gulf Power Company draft
6 and issue the RFP document, all the way to the final stages, including the
7 comparison of Gulf Power's self-build Smith Unit 3 to the other proposals
8 and testimony at the certification stage.

9
10 Q. What would you regard as your overall objective in performing the analysis
11 of the alternatives proposed as they are compared to Gulf Power
12 Company's Smith Unit 3?

13 A. It was my responsibility to ensure that Gulf Power's customers get to take
14 full advantage of the most cost-effective supply-side alternative available.
15 I made sure that all respondents were treated consistently and fairly by
16 using only the specific information directly provided by the respondents in
17 evaluating their proposals. In cases where information was incomplete,
18 the respondent was allowed to clarify the specifics of the offer.

19
20 Q. To what extent did any transmission system impacts become a factor in
21 the RFP evaluation process?

22 A. For the Gulf Power RFP, a relative transmission evaluation was conducted
23 for all of the proposals. This relative evaluation methodology means that
24 SCS-Transmission Planning reviewed all of the offers during the early part
25 of the analysis to adequately assess any system impacts associated with

1 the proposals. Any necessary transmission improvement costs were
2 identified and included in the economic analysis. In some cases, the
3 transmission impacts had a significant effect on an offer's relative
4 economics.

5
6 Q. Did you include the cost of firm gas transportation costs in the economic
7 evaluation?

8 A. Yes. Although the final negotiated firm natural gas transportation contract
9 costs were slightly higher than the initial budget quote based estimates,
10 the slightly higher annual costs did not alter the fact that Smith Unit 3 was
11 the clear economic choice for Gulf and its ratepayers. The important
12 aspects behind Gulf's persistence in acquiring a firm natural gas
13 transportation contract was the need to have a dependable fuel source in
14 order to provide transmission system reliability in this area.

15
16 Q. Do you consider the results of your evaluation to have achieved the goal
17 of identifying the most cost effective supply-side alternative for Gulf Power
18 Company?

19 A. Absolutely. That evaluation revealed that Smith Unit 3 was the most cost-
20 effective alternative for the customers of Gulf Power Company.

21
22 Q. Have you reviewed the cost items in the proposed PPA?

23 A. Yes.
24
25

1 Q. If Southern Power had bid this proposed PPA in response to the RFP,
2 would it have been less expensive to Gulf's customers than any of the
3 other bids received?

4 A. Yes. This ten year PPA would have been lower cost than any of the other
5 bids.

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7 Q. Does this conclude your testimony?

8 A. Yes, it does.

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AFFIDAVIT

STATE OF ALABAMA)
)
COUNTY OF JEFFERSON)

Docket No. 010827-EI

Before me the undersigned authority, personally appeared Maria Jeffers Burke, who being first duly sworn, deposes, and says that she is the Assistant To Chief Transmission Officer of Southern Company, Southern Company Services is an Alabama corporation, that the foregoing is true and correct to the best of his knowledge, information, and belief. She is personally known to me.



Maria Jeffers Burke
Assistant to Chief Transmission Officer,
Southern Company

Sworn to and subscribed before me this 12th day of June, 2001.



Notary Public, State of Alabama at Large

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: May 7, 2004
BONDED THRU NOTARY PUBLIC UNDERWRITERS

June 12, 2001