

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 940001-EI

GULF POWER COMPANY
PREPARED DIRECT TESTIMONY OF
M. W. HOWELL

PROJECTED FUEL COST AND
PURCHASED POWER CAPACITY COST RECOVERY
APRIL 1994 - SEPTEMBER 1994
JANUARY 18, 1994



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FPSC-RECORDS/REPORTING

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GULF POWER COMPANY

Before the Florida Public Service Commission
Direct Testimony of
M. W. Howell
Docket No. 940001-EI
Date of Filing: January 18, 1994

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

A. My name is M. W. Howell, and my business address is 500 Bayfront Parkway, Pensacola, Florida 32501. I am Manager of Transmission and System Control for Gulf Power Company.

Q. Have you previously testified before this Commission?

A. Yes. I have testified in various rate case, cogeneration, territorial dispute, planning hearing, fuel clause adjustment, and purchased power capacity cost recovery dockets.

Q. Please summarize your educational and professional background.

A. I graduated from the University of Florida in 1966 with a Bachelor of Science Degree in Electrical Engineering. I received my Masters Degree in Electrical Engineering from the University of Florida in 1967, and then joined

1 Gulf Power Company as a Distribution Engineer. I have
2 since served as Relay Engineer, Manager of
3 Transmission, Manager of System Planning, Manager of
4 Fuel and System Planning, and Manager of Transmission
5 and System Control. My experience with the Company has
6 included all areas of distribution operation,
7 maintenance, and construction; transmission operation,
8 maintenance, and construction; relaying and protection
9 of the generation, transmission, and distribution
10 systems; planning the generation, transmission, and
11 distribution system additions in the future; bulk power
12 interchange administration; overall management of fuel
13 planning and procurement; and operation of the system
14 dispatch center.

15 I have served as a member of the Engineering
16 Committee and the Operating Committee of the
17 Southeastern Electric Reliability Council, chairman of
18 the Generation Subcommittee and member of the Edison
19 Electric Institute System Planning Committee, and
20 chairman or member of a number of various technical
21 committees and task forces within the Southern electric
22 system and the Florida Electric Power Coordinating
23 Group, regarding a variety of technical issues
24 including system operations, bulk power contracts,
25 generation expansion, transmission expansion,

1 transmission interconnection requirements, central
2 dispatch, transmission system operation, transient
3 stability, underfrequency operation, generator
4 underfrequency protection, system production costing,
5 computer modeling, and others.

6

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

9 A. The purpose of my testimony is to support Gulf Power
10 Company's projection of purchased power fuel costs for
11 energy purchases and sales and its projection of
12 purchased power capacity costs for the period April,
13 1994 - September, 1994.

14

15 Q. Have you prepared an exhibit that contains information
16 to which you will refer in your testimony?

17 A. Yes. My exhibit consists of one schedule to which I
18 will refer. This schedule was prepared under my
19 supervision and direction.

20

Counsel: We ask that Mr. Howell's

21

Exhibit, comprised of one

22

Schedule, be marked for

23

identification as Exhibit _____ (MWH-1).

24

25

1 Q. What information is contained in your exhibit?

2 A. Schedule 1 of my exhibit lists the names of the power
3 contracts which are included for cost recovery, their
4 associated megawatt amounts, and the resulting capacity
5 dollar amounts.

6

7 Q. What are Gulf's projected purchased power fuel costs
8 for energy purchases and sales for the April, 1994 -
9 September, 1994 recovery period?

10 A. Gulf's projected fuel cost for energy purchases, shown
11 on line 11 of Schedule E-1 of the fuel filing, is
12 \$5,822,000. The projected fuel cost for energy sales,
13 shown on line 17 of Schedule E-1, is \$22,775,400.
14 These transactions result from Gulf's participation in
15 the coordinated operation of the Southern electric
16 system power pool.

17

18 Q. Which power contracts produce capacity transactions
19 that are recovered through Gulf's Purchased Power
20 Capacity Cost Recovery Factors?

21 A. In previous proceedings, the Commission has authorized
22 the Company to include capacity transactions under the
23 Southern electric system's Intercompany Interchange
24 Contract (IIC) and the Long-Term Non-Firm Contract
25 (Schedule E) with Florida Power Corporation (FPC) for

1 recovery through the purchased power capacity cost
2 recovery factors. Gulf will have capacity transactions
3 under both of these contracts during the April, 1994 -
4 September, 1994 recovery period. In both cases, the
5 energy transactions under the respective contracts are
6 handled for cost recovery purposes through the fuel
7 cost recovery factors. At this time, Gulf does not
8 participate in any other power contracts that would
9 produce capacity transactions during the relevant
10 recovery period.

11

12 Q. Have there been any changes to the IIC with regard to
13 capacity transactions since the last recovery factor
14 adjustment proceedings?

15 A. No, there have not been any changes to the contract
16 itself. However, on November 1, 1993, in accordance
17 with both the contract and the requirements of the
18 Federal Energy Regulatory Commission (FERC), the
19 Southern electric system made its annual IIC
20 informational filing with the FERC. The informational
21 filing reflects updated historical load responsibility
22 ratios, the expected system load, and the capacity
23 amounts for 1994 which are used in the capacity
24 equalization calculation performed pursuant to the IIC
25 to determine the capacity transactions and costs for

1 each operating company. These updates have increased
2 Gulf's projected capacity payments for the April, 1994
3 - September, 1994 recovery period by \$573,823 from what
4 they otherwise would have been prior to the update.

5

6 Q. What are Gulf's IIC capacity transactions that are
7 projected for the April, 1994 - September, 1994
8 recovery period?

9 A. As shown on Schedule 1 of my exhibit, capacity
10 transactions through the IIC vary from month to month.
11 Capacity purchases in the amount of \$1,396,815 are
12 projected for the period. Capacity sales through the
13 IIC during the same period are projected to be
14 \$301,909. The combination of these yields the
15 Company's net capacity transactions under the IIC for
16 the period, which are net purchases amounting to
17 \$1,094,906. This compares to net purchases of
18 \$3,572,040 that were projected for the period October,
19 1993 - March, 1994.

20

21 Q. Have there been any changes to the Schedule E contract
22 the Southern system has with FPC with regard to
23 capacity transactions since the last recovery factor
24 adjustment proceedings?

25 A. No.

1 Q. What amount of Schedule E capacity sales revenue is
2 projected for the April, 1994 - September, 1994
3 recovery period?

4 A. As shown on Schedule 1 of my exhibit, Gulf is projected
5 to receive revenues of \$600,000 from Florida Power
6 Corporation for capacity sales made pursuant to
7 Schedule E. This compares to sales of \$930,000 that
8 were projected for the period October, 1993 - March,
9 1994. This difference in revenues results from the
10 reduced megawatt sale starting January 1, 1994 which I
11 discussed in my prior projection period testimony.

12

13 Q. What are Gulf's total projected net capacity
14 transactions for the April, 1994 - September, 1994
15 recovery period?

16 A. As shown on Schedule 1 of my exhibit, after combining
17 the net purchases under the IIC with the Schedule E
18 sales to FPC, Gulf is projected to have net a capacity
19 cost of \$494,906. This figure is used by Gulf's
20 witness Susan Cranmer as one of the inputs in the
21 calculation of the total capacity transactions to be
22 recovered through the purchased power capacity cost
23 recovery factors to be applied in the recovery period.

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1 Q. Does this conclude your testimony?

2 A. Yes.

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Florida Public Service Commission
 Docket No. 940001 - EI
 GULF POWER COMPANY
 Witness: M. W. Howell
 Exhibit No. _____ (MWH - 1)
 Schedule 1

GULF POWER COMPANY
 PROJECTED PURCHASED POWER CONTRACT TRANSACTIONS
 APRIL, 1994 - SEPTEMBER, 1994

<u>Contract</u>	<u>MW Purchase/(Sale)</u>	<u>Capacity (\$) Costs/(Receipts)</u>
Southern Company Intercompany Interchange		
April 94	(34.0)	(210,650)
May	(14.7)	(91,259)
June	101.3	561,102
July	86.2	527,850
August	28.9	161,394
September	27.0	146,469
SUBTOTAL		<u>1,094,906</u>
FPC Schedule E		
April 94	(13.3)	(100,000)
May	(13.3)	(100,000)
June	(13.3)	(100,000)
July	(13.3)	(100,000)
August	(13.3)	(100,000)
September	(13.3)	(100,000)
SUBTOTAL		<u>(600,000)</u>
TOTAL		<u><u>494,906</u></u>

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 940001-EI

Before me the undersigned authority, personally appeared M. W. Howell, who being first duly sworn, deposes, and says that he is the Manager of Transmission and System Control 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
Manager of Transmission and System
Control

Sworn to and subscribed before me this 14 day of
January, 1994.

Peggy Allen Wilson

Notary Public, State of Florida at Large

Commission No.

My Commission Expires

PEGGY ALLEN WILSON
"Notary Public-State of Florida"
My Commission Expires July 29, 1997
CC 303770