

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-0770
Telephone 904 444-6365

ORIGINAL
FILE COPY

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

the southern electric system

June 27, 1994

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission

ACK ✓ 101 East Gaines Street
AFA 5 Tallahassee, FL 32399-0870

Dear Ms. Bayo:

Enclosed for official filing in Docket No. 940001-EI are an original and fifteen copies of the following:

- 1. Petition of Gulf Power Company for approval of "Final True-up Amounts" and GPIF Adjustment for October, 1994 through March, 1994; estimated true-up for April, 1994 through September, 1994; projected fuel factor for October, 1994 through March, 1995; and the GPIF targets and ranges for October, 1994 through March, 1995.
- 2. Prepared direct testimony and exhibit of M. L. Gilchrist.
- 3. Prepared direct testimony and exhibit of G. D. Fontaine.
- 4. Prepared direct testimony and exhibit of M. W. Howell.
- 5. Prepared direct testimony and exhibit of S. D. Cranmer.

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Schedule E-1: Fuel and Purchased Power Cost Recovery Clause Calculation
E-1a, E-1b, E-1c, E-1d, E-1e

Schedule E-2: Fuel and Purchased Power Cost Recovery Clause Calculation

Schedule E-3: Generating System Comparative Data by Fuel Type

Schedule E-4: Electric Energy Account

Schedule E-5: System NET GENERATION AND FUEL COST

RECEIVED
BUREAU OF RECORDS

Petition
DOCUMENT NUMBER-DATE
06311 JUN 27

Test. Cranmer
DOCUMENT NUMBER-DATE
06312 JUN 27

Cranmer
Revised Est. Sch 1
DOCUMENT NUMBER-DATE
06316 JUN 27

Test. Cranmer
DOCUMENT NUMBER-DATE
06315 JUN 27

Test. M.W. Howell
DOCUMENT NUMBER-DATE
06314 JUN 27

Test. G.D. Fontaine
DOCUMENT NUMBER-DATE
06313 JUN 27

FPSC-RECORDS/REPORTING

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"Our business is customer satisfaction"

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Ms. Blanca S. Bayo
June 27, 1994
Page Two

- Schedule E-6: System Generated Fuel Cost Inventory Analysis
- Schedule E-7: Power Sold
- Schedule E-7a: Economy Energy Sales and Profits
- Schedule E-8: Purchased Power (Exclusive of Economy Energy Purchases)
- Schedule E-9: Economy Energy Purchases
- Schedule E-10: Residential Bill Comparison for Monthly Usage of 1000 KWH
- Schedule E-11: KWH Sales and Customer Data
- Schedule 12: As-Available Avoided Energy Cost
- Schedule 13: Contract Recovery Calculations
- Schedule H1: Page 1 Generating System Comparative Data by Fuel Type
Page 2 Electric Energy Account
Page 3 KWH Sales and Customer Data
- Schedule CCE-1: Purchased Power Capacity Payments/ (Receipts)
CCE-1A
CCE-1B
- Schedule CCE-2: Calculation of Purchased Power Capacity Cost Recovery Factor

Also enclosed are revised schedules and revised pages for the true-up testimony of S. D. Cranmer previously submitted May 19, 1994. During the course of preparing the estimated true-up for the current period, we discovered an error in the true-up filing which has resulted in these revisions. *X-2/ DN 04942-94*

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in WordPerfect 5.1 format as prepared on a MS-DOS based computer.

Sincerely,

Jack L Hashins

lw

Enclosures

Ms. Blanca S. Bayo
June 27, 1994
Page Three

bc: S. D. Cranmer
T. A. Davis
G. D. Fontaine
M. L. Gilchrist
G. E. Holland, Jr.
M. W. Howell
W. B. Mills
J. A. Stone
C. R. Wilson

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clause with Generating) Docket No. 940001-EI
Performance Incentive Factor)
)

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail the 27th day of June, 1994 on the following:

Martha Brown, Esq.
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

Jack Shreve, Esq.
Office of Public Counsel
111 W. Madison Street
Suite 312
Tallahassee, FL 32399-1300

James McGee, Esq.
Florida Power Corporation
P. O. Box 14042
St. Petersburg, FL 33711

Matthew M. Childs, Esq.
Steel, Hector & Davis
215 South Monroe, Suite 601
Tallahassee, FL 32301-1804

Joseph A. McGlothlin, Esq.
McWhirter, Grandoff & Reeves
315 S. Calhoun St., Suite 716
Tallahassee, FL 32301

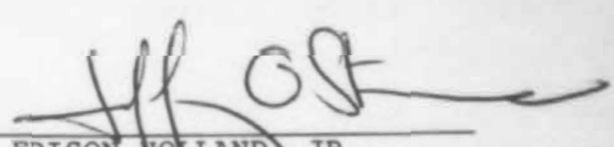
Suzanne Brownless, Esq.
2546 Blairstone Pinea Drive
Tallahassee FL 32301

Lee L. Willis, Esq.
James D. Beasley, Esq.
Macfarlane Ausley Ferguson
& McMullen
P. O. Box 391
Tallahassee, FL 32302

Floyd R. Self, Esq.
Messer, Vickers, Caparello,
French and Madsen
P. O. Box 1876
Tallahassee, FL 32302-1876

David M. Kleppinger, Esq.
McNees, Wallace & Nurick
100 Pine Street
P. O. Box 1166
Harrisburg PA 17108-1166

Mark K. Logan, Esq.
Bryant, Miller and Olive, P.A.
201 S. Monroe St., Suite 500
Tallahassee FL 32301


G. EDISON MOLLAND, JR.
Florida Bar No. 261599
JEFFREY A. STONE
Florida Bar No. 323953
TERESA E. LILES
Florida Bar No. 510998
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576
(904) 432-2451
Attorneys for Gulf Power Company

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 940001-EI

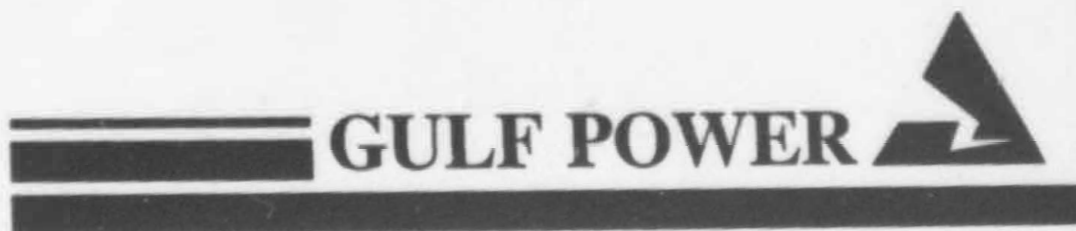
PREPARED DIRECT TESTIMONY
AND EXHIBIT OF

M. W. HOWELL

PROJECTED FUEL COST RECOVERY AND
PURCHASED POWER CAPACITY COST RECOVERY

OCTOBER 1994 - MARCH 1995

JUNE 27, 1994



DOCUMENT NUMBER-DATE

06314 JUN 27 1994

FPSC-RECORDS/REPORTING

GULF POWER COMPANY

Before the Florida Public Service Commission
Direct Testimony of
M. W. Howell
Docket No. 940001-EI
Date of Filing: June 27, 1994

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12

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

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

18

19 Q. Have you previously testified before this Commission?

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

24

25 Q. Please summarize your educational and professional
26 background.

27 A. I graduated from the University of Florida in 1966 with
28 a Bachelor of Science Degree in Electrical Engineering.
29 I received my Masters Degree in Electrical Engineering
30 from the University of Florida in 1967, and then joined
31 Gulf Power Company as a Distribution Engineer. I have

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

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

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

5

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

8 A. The purpose of my testimony is to support Gulf Power
9 Company's projection of purchased power fuel costs for
10 energy purchases and sales and its projection of
11 purchased power capacity costs for the period October,
12 1994 - March, 1995.

13

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

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

19 Counsel: We ask that Mr. Howell's Exhibit,
20 comprised of one Schedule, be
21 marked for identification as
22 Exhibit _____ (MWH-1).

23

24 Q. What information is contained in your exhibit?

25 A. Schedule 1 of my exhibit lists the names of the power

1 contracts which are included for cost recovery, their
2 associated megawatt amounts, and the resulting capacity
3 dollar amounts.

4

5 Q. What are Gulf's projected purchased power fuel costs for
6 energy purchases and sales for the October, 1994 -
7 March, 1995 recovery period?

8 A. Gulf's projected fuel cost for energy purchases, shown
9 on line 11 of Schedule E-1 of the fuel filing, is
10 \$2,335,000. The projected fuel cost for energy sales,
11 shown on line 17 of Schedule E-1, is \$33,651,600. These
12 transactions result from Gulf's participation in the
13 coordinated operation of the Southern electric system
14 power pool.

15

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

19 A. In previous proceedings, the Commission has authorized
20 the Company to include capacity transactions under the
21 Southern electric system's Intercompany Interchange
22 Contract (IIC) and the Long-Term Non-Firm Contract
23 (Schedule E) with Florida Power Corporation for recovery
24 through the purchased power capacity cost recovery
25 factors. Gulf will have capacity transactions under

1 both of these contracts during the October, 1994 -
2 March, 1995 recovery period. In both cases, the energy
3 transactions under the respective contracts are handled
4 for cost recovery purposes through the fuel cost
5 recovery factors. At this time, Gulf does not
6 participate in any other power contracts that would
7 produce capacity transactions during the relevant
8 recovery period.
9

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

13 A. No, there have not been any changes to the contract
14 itself. However, on November 1, 1993, in accordance
15 with both the contract and the requirements of the
16 Federal Energy Regulatory Commission (FERC), the
17 Southern electric system made its annual IIC
18 informational filing with the FERC. The informational
19 filing reflects updated historical load responsibility
20 ratios, the expected system load, and the capacity
21 amounts which are used in the capacity equalization
22 calculation performed pursuant to the IIC to determine
23 the capacity transactions and costs for each operating
24 company. These updates have increased Gulf's projected
25 capacity payments for the October, 1994 - March, 1995

1 recovery period by \$1,462,631 from what they otherwise
2 would have been prior to the update.

3

4 Q. What are Gulf's IIC capacity transactions that are
5 projected for the October, 1994 - March, 1995 recovery
6 period?

7 A. As shown on Schedule 1 of my exhibit, capacity
8 transactions through the IIC vary from month to month.
9 Capacity purchases in the amount of \$5,425,921 are
10 projected for the period. Because no capacity sales
11 through the IIC during the same period are projected,
12 the Company's net capacity transactions under the IIC
13 for the period are net purchases amounting to
14 \$5,425,921. This compares to net purchases of
15 \$1,094,906 that were projected for the period April,
16 1994 - September, 1994.

17

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

22 A. No. As specified in the contract and indicated on
23 Schedule 1 of my exhibit, the projected contract
24 capacity will remain at 200 MW through December, 1994.
25 In January, 1995, the contracted capacity sales will

1 decrease to 0 MW as FPC increases its UPS contract
2 capacity purchases from the Southern electric system.

3
4 Q. What amount of Schedule E capacity sales revenue is
5 projected for the October, 1994 - March, 1995 recovery
6 period?

7 A. As shown on Schedule 1 of my exhibit, Gulf is projected
8 to receive revenues of \$300,000 from Florida Power
9 Corporation for capacity sales made pursuant to Schedule
10 E. This compares to sales of \$600,000 that were
11 projected for the period April, 1994 - September, 1994.

12
13 Q. What are Gulf's total projected net capacity
14 transactions for the October, 1994 - March, 1995
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 \$5,125,921. 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 applied in the recovery period.

24
25

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
 OCTOBER, 1994 - MARCH, 1995**

Contract	MW Purchase/(Sale)	Capacity (\$) Costs/(Receipts)
Southern Company Intercompany Interchange		
October 94	0.6	3,286
November	105.8	624,450
December	127.1	797,772
January 95	184.0	1,116,923
February	252.9	1,466,377
March	226.7	1,417,113
SUBTOTAL		<u>5,425,921</u>
FPC Schedule E		
October 94	(13.2)	(100,000)
November	(13.2)	(100,000)
December	(13.2)	(100,000)
January 95	0.0	0.0
February	0.0	0.0
March	0.0	0.0
SUBTOTAL		<u>(300,000)</u>
TOTAL		<u><u>5,125,921</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
Transmission and System Control
Manager

Sworn to and subscribed before me this 22 day of
JUNE, 1994.

Paul H. Hoben

Notary Public, State of Florida at Large
PAUL H. HOBEN '3
Commission No. CC 036537
My Commission Expires 9/12/1994