



Ms. Blanca S. Bayo  
June 15, 1995  
Page Two

5. Prepared direct testimony and exhibit of S. D. Cranmer.

In addition to the schedules attached to the testimony, enclosed is one copy for the hearing record of Schedules A1 through A12 previously filed with the Commission for the months of December 1994, January, February, March, and April 1995. These schedules are the schedules from May which have not yet been filed are identified as part of Ms. Cranmer's composite exhibit SDC-2.

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.

Sincerely,



lw

Enclosures

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 950001-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 15th day of June 1995 on the following:

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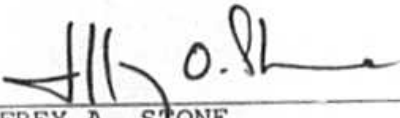
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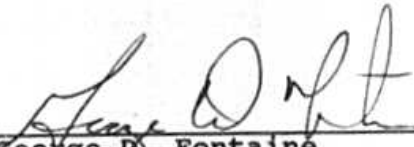
  
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AFFIDAVIT


STATE OF FLORIDA )  
 )  
COUNTY OF ESCAMBIA )

Docket No. 950001-EI

Before me the undersigned authority, personally appeared George D. Fontaine, who being first duly sworn, deposes, and says that he is the Performance Test Specialist 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.

  
\_\_\_\_\_  
George D. Fontaine  
Performance Test Specialist

Sworn to and subscribed before me this 12 day of June, 1995.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large  
Commission Number: \_\_\_\_\_  
Commission Expires: \_\_\_\_\_

PEGGY ALLEN WILSON  
"Notary Public State of Florida"  
My Commission Expires July 29, 1997  
CC303770

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950001-EI

PREPARED DIRECT TESTIMONY  
AND EXHIBIT OF  
M. W. HOWELL

FUEL AND PURCHASED  
POWER CAPACITY COST RECOVERY

OCTOBER 1995 - MARCH 1996

JUNE 16, 1995



DOCUMENT NUMBER - DATE

05698 JUN 16 95

FPSC-RECORDS/REPORTING



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

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

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

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

7 A. The purpose of my testimony is to support Gulf Power  
8 Company's projection of purchased power recoverable  
9 costs for energy purchases and sales and its projection  
10 of purchased power capacity costs for the period  
11 October, 1995 - March, 1996. I will also support the  
12 company's projection of purchased power capacity costs  
13 for the proposed October, 1995 - September, 1996 annual  
14 recovery period.  
15

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

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

21 Counsel: We ask that Mr. Howell's Exhibit,  
22 comprised of one Schedule, be  
23 marked for identification as  
24 Exhibit\_\_\_\_\_ (MWH-1).  
25



1 Q. What are Gulf's projected purchased power recoverable  
2 costs for energy purchases and sales for the October,  
3 1995 - March, 1996 recovery period?

4 A. Gulf's projected recoverable cost for energy purchases,  
5 shown on line 12 of Schedule E-1 of the fuel filing, is  
6 \$9,801,000. The projected fuel cost for energy sales,  
7 shown on line 18 of Schedule E-1, is \$15,231,600. These  
8 transactions result from Gulf's participation in the  
9 coordinated operation of the Southern electric system  
10 power pool. These amounts are used by Gulf's witness  
11 Susan Cranmer as an input in the calculation of the fuel  
12 and purchased power cost adjustment factor.

13

14 Q. What information is contained in your exhibit?

15 A. Schedule 1 of my exhibit lists the name of the power  
16 contract that is included for capacity cost recovery,  
17 its associated megawatt amounts, and the resulting  
18 capacity dollar amounts.

19

20 Q. What power contract produces capacity transactions that  
21 are recovered through Gulf's purchased power capacity  
22 cost recovery factors?

23 A. The Commission has authorized the Company to include  
24 capacity transactions under the Southern electric  
25 system's Intercompany Interchange Contract

1 (IIC) for recovery through the purchased power capacity  
2 cost recovery factors. Gulf will have IIC capacity  
3 transactions during the October, 1995 - March, 1996  
4 recovery period, as well as the proposed October, 1995 -  
5 September, 1996 annual recovery period. The energy  
6 transactions under the contract for these periods are  
7 handled for cost recovery purposes through the fuel cost  
8 recovery factors. At this time, Gulf does not  
9 participate in any other power contracts that would  
10 produce capacity transactions during either the six  
11 month or the proposed annual recovery period.

12

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

16 A. No, there have not been any changes to the contract  
17 itself. However, on November 1, 1994, in accordance  
18 with both the contract and the requirements of the  
19 Federal Energy Regulatory Commission (FERC), the  
20 Southern electric system made its annual IIC  
21 informational filing with the FERC. The informational  
22 filing reflects updated historical load responsibility  
23 ratios, the expected system load, and the capacity  
24 amounts for 1995 that are used in the capacity  
25 equalization calculation performed pursuant to the IIC

1 to determine the capacity transactions and costs for  
2 each operating company. These updates have decreased  
3 Gulf's projected capacity payments for October, 1995 -  
4 March, 1996 recovery period by \$37,566 from what they  
5 otherwise would have been prior to the update.  
6 Similiarly, the projected capacity payments for the  
7 proposed October, 1995 - September, 1996 annual recovery  
8 period have decreased by \$729,441.

9  
10 Q. What are Gulf's IIC capacity transactions that are  
11 projected for the October, 1995 - March, 1996 recovery  
12 period?

13 A. As shown on Schedule 1 of my exhibit, capacity  
14 transactions under the IIC vary from month to month.  
15 IIC capacity purchases in the amount of \$7,748,129 are  
16 projected for the period. There are no IIC capacity  
17 sales projected for the recovery period. Therefore, the  
18 Company's net capacity transactions under the IIC for  
19 the period are net purchases amounting to \$7,748,129.  
20 This compares to net purchases of \$1,995,968 that were  
21 projected for the period April, 1995 - September, 1995.

22  
23  
24  
25

1 Q. What are Gulf's total projected net capacity  
2 transactions for the October, 1995 - March, 1996  
3 recovery period?

4 A. As shown on Schedule 1 of my exhibit, the net purchases  
5 under the IIC will cause Gulf to have a projected net  
6 capacity cost of \$7,748,129. This figure is used by Ms.  
7 Cranmer as the sole input into the calculation of the  
8 total capacity transactions to be recovered through the  
9 purchased power capacity cost recovery factors for this  
10 recovery period.

11

12 Q. Gulf is proposing to set capacity cost recovery factors  
13 on an annual basis. Do you have any comments on this  
14 proposal?

15 A. Yes. As discussed in the testimony of Ms. Cranmer, the  
16 nature of Gulf's purchased power capacity costs  
17 recovered through the purchased power capacity cost  
18 recovery clause, when taken in conjunction with the  
19 normal expected variation in the Company's kilowatt-hour  
20 sales from one traditional six month recovery period to  
21 the next, is such that there is routinely a significant  
22 change in the recovery factors up and down every six  
23 months. The purpose of the proposed change is to dampen  
24 the swing in the factors experienced by Gulf's  
25 customers.

1 Q. What are Gulf's IIC capacity transactions that are  
2 projected for the proposed October, 1995 -September,  
3 1996 annual recovery period?

4 A. Schedule 1 of my exhibit shows the IIC capacity  
5 transactions that vary during each month of the proposed  
6 annual period. IIC capacity purchases in the amount of  
7 \$11,024,949 are projected for the proposed twelve month  
8 period. IIC capacity sales during the same period are  
9 projected to be \$525,875. The sum of these purchases  
10 and sales yields the Company's net capacity transactions  
11 under the IIC for the period, which are net purchases  
12 amounting to \$10,499,074. This annual figure would be  
13 used by Ms. Cranmer in the same manner as is the six  
14 month capacity figure to calculate the total capacity  
15 transactions to be recovered through the purchased power  
16 capacity cost recovery factors for this proposed twelve  
17 month recovery period.

18

19 Q. Does this conclude your testimony?

20 A. Yes.

21

22

23

24

25

GULF POWER COMPANY  
PROJECTED PURCHASED POWER CONTRACT TRANSACTIONS  
OCTOBER, 1995 - SEPTEMBER, 1996

Contract	MW Purchase/(Sale)	Capacity (\$) Costs/(Receipts)
Southern Company Intercompany Interchange		
October 95	63.7	340,587
November	181.7	996,819
December	220.7	1,217,058
January 96	250.7	1,627,140
February	303.0	1,894,494
March	245.6	1,672,031
SUBTOTAL		7,748,129
April	(87.5)	(525,875)
May	40.9	280,908
June	157.7	853,981
July	179.0	960,872
August	92.0	496,183
September	126.5	684,876
SUBTOTAL		2,750,945
<b>TOTAL</b>		<b>10,499,074</b>

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA    )

Docket No. 950001-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 14 day of  
June, 1995.

*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  
CC303770