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Jack L. Haskins
Manager, Rules and Regulatory Matters
and Assistant Secretary

The Southern Electric System

November 17, 1995

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. 950001-EI

Enclosed for official filing are an original and fifteen copies of M. W. Howell's testimony for Gulf Power Company. Please replace the copies that were sent to you on November 16, 1995 with these copies. I regret any inconvenience this may cause and thank you for your assistance.

Sincerely,

Jack L. Haskins

lw

Enclosure

- ACK
- APP
- CAF
- CMU
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- LIN *3*
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FLORIDA PUBLIC SERVICE COMMISSION

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1591 NOV 20 1995

FPSC-RECORDS/REPORTING

"Our business is customer satisfaction"

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 17th day of November 1995 on the following:

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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 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 17TH day of
NOVEMBER, 1995.

Kenneth E. Hargrove

Notary Public, State of Florida at Large

Commission No.

My Commission Expires

KENNETH E. HARGROVE
"Notary Public-State of Florida"
Comm. Exp: July 19, 1999
Comm. No: CC 465097

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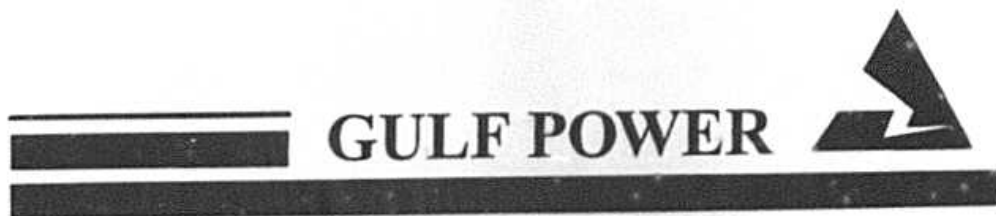
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950001-EI

PREPARED DIRECT TESTIMONY
OF
M. W. HOWELL

FUEL COST RECOVERY AND
PURCHASED POWER CAPACITY COST RECOVERY

FINAL TRUE-UP
NOVEMBER 17, 1995



DOCUMENT NUMBER-DATE

11591 NOV 20 1995

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 additions in the
9 future; bulk power interchange administration; overall
10 management of fuel planning and procurement; and
11 operation of the system dispatch center.

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

1 protection, system production costing, computer
2 modeling, and others.

3

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

6 A. I will summarize Gulf Power Company's purchased power
7 recoverable costs for energy purchases and sales that
8 were incurred during the April 1, 1995 through September
9 30, 1995 recovery period. I will then compare these
10 actual costs to their projected levels for the period
11 and discuss the primary reasons for the differences.

12

13 Q. During the period April 1, 1995 through September 30,
14 1995, what was Gulf's actual purchased power recoverable
15 cost for energy purchases and how did it compare with
16 the projected amount?

17 A. Gulf's actual total purchased power recoverable cost for
18 energy purchases, as shown on line 12 of Schedule A-1,
19 was \$16,510,768 as compared to the projected amount of
20 \$10,212,000. This resulted in a variance above budget
21 of \$6,298,768, or 62%. The actual cost per KWH
22 purchased was 2.1145 ¢/KWH as compared to the projected
23 1.8146 ¢/KWH, or 17% above the projection.

24

25

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

3 A. The Summer of 1995 has been one of the hottest in the
4 last few decades. Because of higher than projected
5 territorial loads across the Southern system, Gulf
6 purchased more economy power through the Southern
7 electric power pool at a higher unit price than was
8 forecasted for the period in order to meet its load
9 obligations. Gulf purchased 780,832,960 KWH, shown on
10 line 12 of Schedule A-1, as compared to the estimate of
11 562,780,000 KWH, or 39% more.

12
13 Q. During the period April 1, 1995 through September 30,
14 1995, 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, as shown on line 18 of Schedule A-1, was
19 \$21,825,245 as compared to the projected amount of
20 \$17,870,200. This resulted in a variance above budget
21 of \$3,955,045, or 22%. The actual fuel cost per KWH
22 sold was 2.0695 ¢/KWH as compared to 1.8651 ¢/KWH, or
23 11% above the projection.

24
25

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

3 A. Gulf's pool and off-system sales, shown on line 18, were
4 1,054,634,016 KWH, or 13% over the projection for the
5 period. These sales were over the projection due to
6 Gulf's increased sale of energy to the Southern electric
7 system power pool to meet the system's higher
8 territorial load requirements. The lower cost of energy
9 available from Gulf's resources compared with the cost
10 of energy generated by the other pool members allowed
11 Gulf to sell more energy than budgeted.

12

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

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

20 Therefore, Southern system energy sales provide a
21 market for Gulf's surplus energy and generally improve
22 unit load factors. The cost of fuel used to make these
23 sales is credited against, and therefore reduces, Gulf's
24 fuel and purchased power costs.

25

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 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 17TH day of
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Kenneth E. Hargrove
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