

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 960001-EI

PREPARED DIRECT TESTIMONY
AND EXHIBIT OF

MICHAEL F. OAKS

FUEL AND PURCHASED POWER COST RECOVERY

APRIL 1996 - SEPTEMBER 1996

NOVEMBER 19, 1996

GULF POWER



DOCUMENT NUMBER-DATE

12265 NOV 19 96

FPSC-RECORDS/REPORTING

- ACK _____
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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 Michael F. Oaks

Docket No. 960001-EI

5 Date of Filing: November 19, 1996

6 Q. Please state your name and business address.

7 A. My name is Michael F. Oaks and my business address is 500 Bayfront
8 Parkway, Post Office Box 1151, Pensacola, Florida 32520-0328.

9 Q. By whom are you employed and in what capacity?

10 A. I am the Compliance and Fuel Supply Supervisor at Gulf Power
11 Company.

12 Q. Mr. Oaks, will you please describe your education and experience?

13 A. I graduated from Belhaven College in Jackson, Mississippi, in 1977 with a
14 Bachelor of Science Degree in Chemistry. I joined Gulf Power Company
15 in 1977 as a Chemist. Since then, I have held various positions with the
16 Company, including Water Chemistry Specialist, Water Quality Specialist,
17 Environmental Affairs Specialist, Environmental Audit Administrator, and
18 Compliance Administrator. I was promoted to my present position in May
19 1996.

20 Q. What are your duties as Fuel Supply Supervisor?

21 A. I supervise and administer the Company's fuel procurement,
22 transportation, budgeting, contract administration, and quality control to
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24
25

1 ensure the generating plants are provided an adequate low cost fuel
2 supply with minimal operational problems.

3
4 Q. Mr. Oaks, have you previously testified before this Commission?

5 A. Yes. I have presented testimony to this Commission.

6
7 Q. Mr. Oaks, what is the purpose of your testimony in this docket?

8 A. The purpose of my testimony is to summarize Gulf Power Company's fuel
9 expenses and to certify that these expenses were properly incurred
10 during the period April 1996 through September 1996. Also, it is my
11 intent to be available to answer any questions that may arise among the
12 parties to this docket concerning Gulf Power Company's fuel expenses.

13
14 Q. Have you prepared an exhibit that contains information to which you will
15 refer in your testimony?

16 A. Yes. I have prepared an exhibit consisting of one schedule.

17
18 Counsel: We ask that Mr. Oak's exhibit consisting of one schedule be
19 marked as Exhibit No. _____ (MFO-1).

20
21 Q. During the period April 1, 1996, through September 30, 1996, how did
22 Gulf's actual fuel expenses compare with the budget or projected
23 expenses?

24 A. Gulf's actual fuel expense was \$110,872,521 as compared with the
25 projected amount of \$114,725,542, or under our estimate by 3.33%.

1 Gulf's total net system generation was 5,645,598 MWH compared to the
2 projected generation of 5,622,394 MWH or 0.41% more than predicted.
3 The resulting total fuel cost per KWH generated was 1.9639¢/KWH or
4 3.75% under the projected amount of 2.0405¢/KWH.
5

6 Q. How much spot coal did Gulf Power Company purchase during the period
7 ending September 30, 1996?

8 A. Gulf purchased 629,871 tons or 32% of its supply from the spot coal
9 market. My Schedule 1 of Exhibit No. _____ (MFO-1) consists of a list
10 of contract and spot coal suppliers for the period ending September 30,
11 1996.
12

13 Q. How did the projected purchase cost of coal compare with the actual
14 cost?

15 A. For the period, Gulf's average unit cost of coal purchased was 7.30%
16 lower than projected.
17

18 Q. Should Gulf's fuel purchase cost for the period be accepted as
19 reasonable and prudent?

20 A. Yes. Gulf's coal purchases were either from coal vendors with long term
21 contracts subject to cost escalations or from a competitively bid spot
22 purchase order. These coal vendors were selected by procedures
23 designed to provide an assured quantity of coal of a known quality for a
24 specific term at the lowest available delivered cost. Gulf has
25 administered the provisions of these contracts and purchase orders

1 appropriately. All of Gulf's oil purchases were from oil vendors selected
2 by open bids to ensure the most economical price of oil.

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Q. Mr. Oaks, does this conclude your testimony?

A. Yes.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 960001-EI

Before me the undersigned authority, personally appeared Michael F. Oaks, who being first duly sworn, deposes, and says that he is the Compliance and Fuel Supply Supervisor at 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.



Michael F. Oaks
Compliance and Fuel Supply Supervisor

Sworn to and subscribed before me this 18th day of November 1996.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:



**GULF POWER COMPANY
COAL SUPPLIERS
April 1, 1996 - September 30, 1996**

Purchases	Tons Received
Contract	
PEABODY COALSALES	803,768
CYPRUS	236,534 (1)
DECKER COAL	<u>299,757</u> (1)
Total	1,340,059
Spot Purchases	
FRANKLIN COAL SALES	353,790
ANDALEX	60,746
CONSOLIDATION	45,000
ISLAND CREEK	36,490
PITTSBURG & MIDWAY	98,166
KERR MCGEE	8,317
PETROLEUM SOURCE	9,002
SPRING CREEK	<u>18,359</u> (1)
Total	629,871
GRAND TOTAL	<u>1,969,930</u>

(1) Gulf Power Company's portion of Plant Daniel supply.