

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 970001-EI

PREPARED DIRECT TESTIMONY
AND EXHIBIT OF

OF
MICHAEL F. OAKS

FUEL AND PURCHASED POWER COST RECOVERY

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC _____
- WAS _____
- OT _____

APRIL 1997 - SEPTEMBER 1997

JANUARY 13, 1997

GULF POWER



DOCUMENT NUMBER-DATE
00406 JAN 13 97
FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 Michael F. Oaks

Docket No. 970001-EI

Date of Filing: January 13, 1997

5 Q. Please state your name and business address.

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

8
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
13 Q. Mr. Oaks, will you please describe your education and experience?

14 A. I graduated from Belhaven College in Jackson, Mississippi, in 1977 with a
15 Bachelor of Science Degree in Chemistry. I joined Gulf Power Company
16 in 1977 as a Chemist. Since then, I have held various positions with the
17 Company, including Water Chemistry Specialist, Water Quality Specialist,
18 Environmental Affairs Specialist, Environmental Audit Administrator, and
19 Compliance Administrator. I was promoted to my present position in May
20 1996.

21
22 Q. What are your duties as Fuel Supply Supervisor?

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

25

1 ensure the generating plants are provided an adequate low cost fuel
2 supply with minimal operational problems.
3

4 Q. Are you the same Michael F. Oaks who has previously submitted
5 testimony in this proceeding?

6 A. Yes.
7

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

9 A. The purpose of my testimony is to support Gulf Power Company's
10 projection of fuel expenses for the period April 1, 1997, to September 30,
11 1997 and to be available to answer any questions that may occur
12 concerning the Company's fuel procurement procedures.
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. Schedule 1
17 of my exhibit is a tabulation of projected and actual fuel cost for the past
18 ten years. The purpose of this schedule is to illustrate the accuracy of our
19 short term projections of fuel expenses.
20

21 COUNSEL: We ask that Mr. Oaks' exhibit, consisting of one schedule,
22 be marked as Exhibit No. _____ (MFO-2).
23
24
25

1 Q. Has Gulf Power Company made any changes to its projection methods for
2 this period?

3 A. No.
4

5 Q. Will there be any major changes in Gulf's fuel purchasing program during
6 this period?

7 A. Yes. The seasonal fuel program that has been in effect for Plant Daniel is
8 being changed. Significant cost savings can be realized by switching to
9 year-round use of Powder River Basin (PRB) coal rather than the
10 seasonal mix of high Btu Western coal during peak times and PRB for the
11 remainder of the year. Effective January 1, 1997, we are switching to a
12 year-round PRB program. We expect to save over a half million dollars
13 per year (Gulf's portion) for the 1997-1999 period.
14

15 Q. How much spot market coal does Gulf Power project it will purchase
16 during the April 1997 through September 1997 period?

17 A. We are projecting the purchase of approximately 564,880 tons on the
18 spot market. This represents approximately 16% of our projected
19 purchase requirements.
20

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

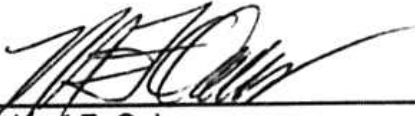
22 A. Yes.
23
24
25

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 970001-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 9th day of January 1997.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:



GULF POWER COMPANY
PROJECTED VS ACTUAL FUEL COST OF GENERATED POWER

<u>Period Ending</u>	<u>¢/KWH Fuel Cost (1)</u>		
	<u>Projected</u>	<u>Actual</u>	<u>Difference %</u>
March 1988	1.8588	1.8008	(3.12)
September 1988	1.8360	1.8160	(1.09)
March 1989	1.9630	1.9056	(2.92)
September 1989	2.0260	2.0724	2.29
March 1990	1.9688	1.9930	1.23
September 1990	2.0672	2.1840	5.65
March 1991	2.1028	2.2128	5.23
September 1991	2.1184	2.1255	0.34
March 1992	1.9524	2.0660	6.84
September 1992	1.9448	2.0401	4.90
March 1993	1.9458	1.9425	(0.17)
September 1993	1.9924	2.0408	2.43
March 1994	1.9050	2.0498	7.60
September 1994	1.8662	1.9373	3.8 i
March 1995	1.8874	2.0388	8.02
September 1995	2.0456	2.0344	(0.55)
March 1996	1.9795	2.0743	4.79
September 1996	2.0405	1.9639	(3.75)
March 1997	1.9282	-	-
September 1997	1.9434	-	-

(1) Line No. 1 from FPSC Schedule A-1.

DOCUMENT NUMBER-DATE

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