

500 Bayfront Parkway  
Pensacola, FL 32520

Tel 904.444.6000

ORIGINAL  
FILED



May 16, 1997

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. 970001-EI

Enclosed for official filing in the above docket are an original and ten (10) copies of the following:

1. Prepared direct testimony and exhibit of S. D. Cranmer. - 05048-97
2. Prepared direct testimony and exhibit of M. F. Oaks. - 05049-97
3. Prepared direct testimony and exhibit of G. D. Fontaine. - 05050-97
4. Prepared direct testimony of M. W. Howell. - 05051-97

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Sincerely,

*Susan D. Cranmer*

Enclosures

RECEIVED & FILED

*[Signature]*  
FPSC BUREAU OF RECORDS

ORIGINAL  
FILE COPY

# **GULF POWER COMPANY**

**Before the Florida Public Service  
Commission**

**Prepared Direct Testimony of  
Michael F. Oaks**

**Docket No. 970001-EI**

**Date of Filing: May 20, 1997**

DOCUMENT NUMBER-DATE

05049 MAY 20 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: May 20, 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 high quality fuel supply at the  
2 lowest practical cost.

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 October 1996 through March 1997. Also, it is my intent  
11 to be available to answer any questions that may arise among the parties  
12 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 October 1, 1996, through March 31, 1997, how did Gulf's  
22 actual fuel expenses compare with the budget or projected expenses?

23 A. Gulf's actual fuel expense was \$94,997,793 as compared with the  
24 projected amount of \$97,740,994, or under our estimate by 2.81%. Gulf's  
25 total net system generation was 4,672,294 MWH compared to the

1 projected generation of 5,069,150 MWH or 7.83% less than predicted.  
2 The resulting total fuel cost per KWH generated was 2.0332¢/KWH or  
3 5.45% over the projected amount of 1.9282¢/KWH.  
4

5 Q. How much spot coal did Gulf Power Company purchase during the period  
6 ending March 31, 1997?

7 A. Gulf purchased 791,205 tons or 39% of its supply from the spot coal  
8 market. My Schedule 1 of Exhibit No. \_\_\_\_\_ (MFO-1) consists of a list  
9 of contract and spot coal suppliers for the period ending March 31, 1997.  
10

11 Q. How did the projected purchase cost of coal compare with the actual  
12 cost?

13 A. For the period, Gulf's total cost of coal purchased was 2.7% higher than  
14 projected.  
15

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

18 A. Yes. Gulf's coal purchases were either from long term contracts or the  
19 competitive spot market. Coal vendors are selected by procedures  
20 designed to assure a deliverable quantity of acceptable quality coal for a  
21 specific term at the lowest available delivered cost. Gulf has  
22 administered the provisions of these contracts and purchase orders  
23 appropriately. All of Gulf's oil purchases were from oil vendors selected  
24 by open bids to ensure the most economical price of oil.  
25

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

2 A. Yes.

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**GULF POWER COMPANY  
COAL SUPPLIERS  
October 1, 1996 - March 31, 1997**

<b><u>CONTRACT COAL</u></b>	<b>TON <u>PURCHASED(1)</u></b>
PEABODY CONTRACT	393,506
DECKER	<u>850,940</u> (2)
TOTAL CONTRACT	<u>1,244,446</u>
 <b><u>SPOT COAL</u></b>	
CONSOL	327,451
KERR MCGEE	89,809
FRANKLIN	35,917
ISLAND CREEK	92,665
PEABODY COALSALES	74,165
SUGAR CAMP	29,217
ELECTRIC FUELS	17,785
ORION	34,032
JEFFERSON SCREENING	49,131
CYPRUS MOUNTAIN	33,532
WEBSTER COUNTY	7,500
TOTAL SPOT	<u>791,205</u>
GRAND TOTAL	<u>2,035,651</u>

**NOTES:**

- (1) Excludes Plant Scherer. The inventory at Plant Scherer is now being reported on a BTU basis. No inventory of tons is being maintained.  
(2) Gulf Power Company's portion of Plant Daniel supply.

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 13th day of May 1997.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

