



June 20, 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:

Enclosed for official filing in Docket No. 970001-EI are an original and ten copies of the following:

1. Petition of Gulf Power Company for Approval of Final Fuel Cost True-up Amounts and GPIF Adjustment for October 1996 through March 1997; Estimated Fuel Cost True-up Amounts for April 1997 through September 1997; Projected Fuel Cost Recovery Amounts for October 1997 through March 1998; Final Purchased Power Capacity Cost True-up Amounts for October 1995 through September 1996; Estimated Purchased Power Capacity Cost True-up for October 1996 through September 1997; Projected Purchased Power Capacity Cost Recovery Amount for October 1997 through September 1998; GPIF Targets and Ranges for October 1997 through March 1998; Estimated As-available Avoided Energy Costs and Fuel Cost Recovery Factors to be applied beginning with the period October 1997 through March 1998; Capacity Cost Recovery Factors to be applied beginning with the period October 1997 through September 1998.

ACK _____
AFA Wardner
APP _____
CAF _____
CMU _____
CTR _____
E.D. _____
I _____
3 tags _____
_____ _____
_____ _____
W.S. _____
OTH _____

2. Prepared direct testimony and exhibit of M. F. Oaks. 6265-97
3. Prepared direct testimony and exhibit of G. D. Fontaine. 6266-97
4. Prepared direct testimony and exhibit of M. W. Howell. 06267-97
5. Prepared direct testimony and exhibit of S. D. Cranmer. 06268-97

Petition
DOCUMENT NUMBER-DATE

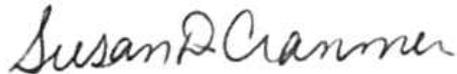
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FPSC-RECORDS AND REPORTING

Ms. Blanca S. Bayo
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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,



Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

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. 970001-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 20th day of June 1997 on the following:

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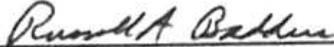
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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

DOCKET NO. 970001-EI

PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
MICHAEL F. OAKS

**FUEL COST RECOVERY
OCTOBER 1997 - MARCH 1998**

**CAPACITY COST RECOVERY
OCTOBER 1997 - SEPTEMBER 1998**

JUNE 18, 1997



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

65 JUN 23 97

FPSC RECEIVED 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: June 18, 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, 500 Bayfront Parkway, 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 October 1, 1997, to March 31,
11 1998 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 methods in this period
2 for projecting fuel cost?

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. Gulf Power Company's long term contract with Peabody
8 COALSALES is subject to a market review opener. Effective February 1,
9 1998, the contract price will either go to a market adjusted delivered price,
10 or if COALSALES does not agree to the matching price, the contract will
11 be terminated. If the contract is renewed, our annual obligation will
12 resume at 1.9 million tons per year. If the contract is terminated, Gulf will
13 be seeking a similar quantity of coal from other sources.

14
15 Q. How much spot market coal does Gulf Power project it will purchase
16 during the October 1997 through March 1998 period?

17 A. We are projecting the purchase of approximately 408,095 tons on the spot
18 market. This represents approximately 17% of our projected purchase
19 requirements.

20
21 Q. Mr. Oaks, does this conclude your testimony?

22 A. Yes.

23
24
25

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>
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	3.81
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	2.0332	5.45
September 1997	1.9434	-	-
March 1998	1.8734	-	-

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

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

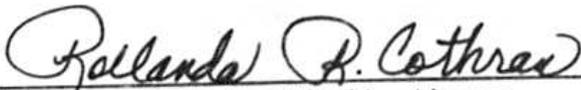
Docket No. 970001-EI

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 18th day of June 1997.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

