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ORIGINAL



November 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:

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. 11936-97
- 2. Prepared direct testimony and exhibit of M. F. Oaks. 11937-97
- 3. Prepared direct testimony and exhibit of G. D. Fontaine. 11938-97
- 4. Prepared direct testimony of M. W. Howell. 11939-97

ACK _____
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 APP _____
 CAF _____
 CMI _____
 CTR _____
 EAG _____
 LEG _____
 LIT _____
 OPC _____
 RCH _____
 SEC _____
 WAS _____
 OTH _____

Sincerely,

Susan D. Cranmer

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

1 lw
3 + ds
Enclosures

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 19th day of November 1997 on the following:

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EAG

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 970001-EI

PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
MICHAEL F. OAKS

FUEL COST RECOVERY

FINAL TRUE-UP
NOVEMBER 20, 1997



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

11937 NOV 20 6

FPSC RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of

4 Michael F. Oaks

Docket No. 970001-EI

5 Date of Filing: November 20, 1997

6 Q. Please state your name and business address.

7 A. My name is Michael F. Oaks and my business address is One Energy
8 Place, Pensacola, Florida 32520-0328.

9 Q. What is your occupation?

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 ensure the generating plants are provided a high quality fuel supply at the

1 lowest practical cost.

2
3 Q. Mr. Oaks, have you previously testified before this Commission?

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

5
6 Q. Mr. Oaks, what is the purpose of your testimony in this docket?

7 A. The purpose of my testimony is to summarize Gulf Power Company's fuel
8 expenses and to certify that these expenses were properly incurred
9 during the period April 1997 through September 1997. Also, it is my
10 intent to be available to answer any questions that may arise among the
11 parties to this docket concerning Gulf Power Company's fuel expenses.

12
13 Q. Have you prepared an exhibit that contains information to which you will
14 refer in your testimony?

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

16
17 Counsel: We ask that Mr. Oak's exhibit consisting of one schedule be
18 marked as Exhibit No. _____ (MFO-1).

19
20 Q. During the period April 1, 1997, through September 30, 1997, how did
21 Gulf's actual fuel expenses compare with the budget or projected
22 expenses?

23 A. Gulf's actual fuel expense was \$112,795,375 as compared with the
24 projected amount of \$115,470,345, or under our estimate by 2.32%.

25 Gulf's total net system generation was 5,805,044 MWH compared to the

1 projected generation of 5,941,530 MWH or 2.30% less than predicted.

2 The resulting total fuel cost per KWH generated was 1.9431¢/KWH or

3 0.02% under the projected amount of 1.9434¢/KWH.

4
5 Q. How much spot coal did Gulf Power Company purchase during the period
6 ending September 30, 1997?

7 A. Gulf purchased 1,076,686 tons or 47% 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 September 30,
10 1997.

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

14 A. For the period, Gulf's total cost of coal purchased was only 0.2% higher
15 than projected.

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

19 A. Yes. Gulf's coal purchases were either from long term contracts or the
20 competitive spot market. Coal vendors are selected by procedures
21 designed to assure a deliverable quantity of acceptable quality coal for a
22 specific term at the lowest available delivered cost. Gulf has
23 administered the provisions of these contracts and purchase orders
24 appropriately. Most of Gulf's natural gas was purchased from the spot
25 market on an as-needed basis from both producers and marketers,

1 utilizing interruptible transportation. However, for this reporting period a
2 portion of our gas needs was purchased forward in order to mitigate the
3 cost during high demand summer days. This strategy resulted in net
4 savings of \$54,000. All of Gulf's oil purchases were from oil vendors
5 selected by open bids to ensure the most economical price of oil.

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

7 A. Yes.

**GULF POWER COMPANY
COAL SUPPLIERS
April 1, 1997 - September 30, 1997**

<u>CONTRACT COAL</u>	<u>TON PURCHASED(1)</u>
PEABODY CONTRACT	396,003
DECKER	<u>824,077</u> (2)
TOTAL CONTRACT	<u>1,220,080</u>
<u>SPOT COAL</u>	
ELECTRIC FUEL	62,195
JEFFERSON SCREENING	115,490
WHITE COUNTY	65,301
ORION	74,350
CANNELTON	108,285
PEABODY SPOT	279,147
WEBSTER	23,559
AMCI	47,156
CONSOL OF KENTUCKY	14,825
CONSOLIDATION	183,360
JIM WALTER	76,620
IKERD BANDY	15,018
KERR MCGEE	<u>11,379</u>
TOTAL SPOT	1,076,686
GRAND TOTAL	<u>2,296,766</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)

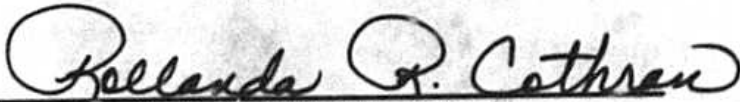
Docket No. 970001-EI

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 19th day of November 1997.



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

