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ORIGINAL



January 9, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0871

Dear Ms. Bayo:

Enclosed for official filing in Docket No. ~~980001-51~~ 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 April 1997 through September 1997; Estimated Fuel Cost True-up Amounts for October 1997 through March 1998; Projected Fuel Cost Recovery Amounts for April 1998 through September 1998; GPIF Targets and Ranges for April 1998 through September 1998; Estimated As-available Avoided Energy Costs and Fuel Cost Recovery Factors to be applied beginning with the period April 1998 through September 1998.
2. Prepared direct testimony and exhibit of M. F. Oaks.
3. Prepared direct testimony and exhibit of G. D. Fontaine.
4. Prepared direct testimony and exhibit of M. W. Howell.
5. Prepared direct testimony and exhibit of S. D. Cranmer.

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00569 JAN 12 88

Oaks
 DOCUMENT NUMBER-DATE
00570 JAN 12 88

Fontaine
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FPSC RECORDS/REPORTING

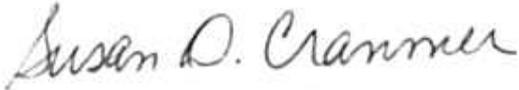
FPSC RECORDS/REPORTING

FPSC RECORDS/REPORTING

Ms. Blanca S. Bayo
January 9, 1998
Page Two

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,

A handwritten signature in cursive script that reads "Susan D. Cranmer".

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. 980001-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 9th day of January 1998 on the following:

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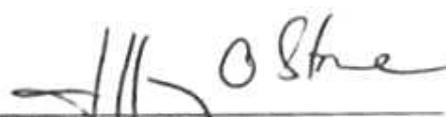
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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980001-EI

PREPARED DIRECT TESTIMONY AND EXHIBIT
OF
M. F. OAKS

FUEL COST RECOVERY

FINAL PROJECTION

JANUARY 12, 1998



A SOUTHERN COMPANY

DOCUMENT NUMBER DATE
00570 JAN 12 98
FSCC-REGULATORY REPORTING

GULF POWER COMPANY

**Before the Florida Public Service
Commission**

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

Docket No. 980001-EI

Date of Filing: January 12, 1998

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony and Exhibit of

4 Michael F. Oaks

Docket No. 980001-EI

Date of Filing: January 12, 1998

5 Q. Please state your name and business address.

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

8
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 an adequate low cost fuel

1 supply with minimal operational problems.

2

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

5 A. Yes.

6

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

8 A. The purpose of my testimony is to support Gulf Power Company's
9 projection of fuel expenses for the period April 1, 1998 to September 30,
10 1998 and to be available to answer any questions that may occur
11 concerning the Company's fuel procurement procedures.

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. Schedule 1
16 of my exhibit is a tabulation of projected and actual fuel cost for the past
17 ten years. The purpose of this schedule is to illustrate the accuracy of our
18 short-term projections of fuel expenses.

19

20 Counsel: We ask that Mr. Oak's exhibit consisting of one schedule be
21 marked as Exhibit No. _____ (MFO-2).

22

23 Q. Has Gulf Power Company made any changes to its methods in this period
24 for projecting fuel cost?

25 A. No.

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

3 A. Yes. As explained in previous testimony, Gulf Power Company recently
4 invoked a market review opener in the long-term contract with Peabody
5 CoalSales and submitted a matching price based on a competitive market
6 evaluation. CoalSales has agreed to the matching price, and on February
7 1, 1998 the contract price will go to the market adjusted delivered price for
8 1.9 million tons per year. This will result in substantial savings for Gulf's
9 customers, as reflected in the projection for this period. The contract now
10 continues through the year 2007, with quarterly escalators based on the
11 GDP/IPD, and another market adjustment in 2003.

12
13 Q. How much spot market coal does Gulf Power project it will purchase
14 during the April 1998 through September 1998 period.

15 A. We are projecting the purchase of approximately 738,586 tons on the spot
16 market. This represents approximately 25% of our projected purchase
17 requirements.

18
19 Q. Mr. Oaks, does this conclude your testimony?

20 A. Yes.
21
22
23
24
25
26

GULF POWER COMPANY
PROJECTED VS ACTUAL FUEL COST OF GENERATED POWER

c/KWH Fuel Cost (1)

Period Ending	Projected	Actual	Difference %
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	2.1728	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	1.9431	(0.02)
March 1998	1.8734	-	-
September 1998	1.5916	-	-

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

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 980001-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



Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

