

One Energy Place  
Pensacola, Florida 32520

Tel 850 444 6000

May 19, 1998



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. 980001-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.
2. Prepared direct testimony and exhibit of M. F. Oaks.
3. Prepared direct testimony and exhibit of G. D. Fontaine.
4. Prepared direct testimony of M. W. Howell.
5. Revised schedules A-5 for the months September 1997 – March 1998. 05605-98
6. Schedules A5-A for the months October 1997 – March 1998 inadvertently omitted from monthly fuel filings previously submitted.

Sincerely,

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

Susan D. Cranmer  
Assistant Secretary and Assistant Treasurer

lw

Enclosures

DOCUMENT NUMBER-DATE

05605 MAY 20 98

FPSC-RECORDS/REPORTING

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 19th day of May 1998 on the following:

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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
ORIGINAL

**FUEL COST RECOVERY AND  
PURCHASED POWER CAPACITY COST RECOVERY**

**DOCKET NO. 980001-EI**

PREPARED DIRECT TESTIMONY AND EXHIBIT  
OF  
S. D. CRANMER

FINAL TRUE-UP  
MAY 20, 1998



**A SOUTHERN COMPANY**

DOCUMENT NUMBER-DATE

#05601 MAY 20 88

FPSC-REG-REG-REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Prepared Direct Testimony of  
4 Susan D. Cranmer  
5 Docket No. 980001-EI  
6 Fuel and Purchased Power Capacity Cost Recovery  
7 Date of Filing: May 20, 1998

8 Q. Please state your name, business address and occupation.

9 A. My name is Susan Cranmer. My business address is One  
10 Energy Place, Pensacola, Florida 32520-0780. I hold the  
11 position of Assistant Secretary and Assistant Treasurer  
12 of Gulf Power Company. In this position, I am  
13 responsible for supervising the Rates and Regulatory  
14 Matters Department.

15 Q. Please briefly describe your educational background and  
16 business experience.

17 A. I graduated from Wake Forest University in  
18 Winston-Salem, North Carolina in 1981 with a Bachelor of  
19 Science Degree in Business and from the University of  
20 West Florida in 1982 with a Bachelor of Arts Degree in  
21 Accounting. I am also a Certified Public Accountant  
22 licensed in the State of Florida. I joined Gulf Power  
23 Company in 1983 as a Financial Analyst. Prior to  
24 assuming my current position, I have held various  
25 positions with Gulf including Computer Modeling Analyst,

1 Senior Financial Analyst, and Supervisor of Rate  
2 Services.

3 My responsibilities include supervision of: tariff  
4 administration, cost of service activities, calculation  
5 of cost recovery factors, the regulatory filing function  
6 of the Rates and Regulatory Matters Department, and  
7 various treasury activities.

8

9 Q. Have you prepared an exhibit that contains information  
10 to which you will refer in your testimony?

11 A. Yes, I have.

12 Counsel: We ask that Ms. Cranmer's Exhibit  
13 consisting of four schedules be  
14 marked as Exhibit No. \_\_\_\_\_ (SDC-1).

15

16 Q. Are you familiar with the Fuel and Purchased Power  
17 (Energy) True-up Calculation for the period of October  
18 1997 through March 1998 and the Purchased Power Capacity  
19 Cost True-up Calculation for the period of October 1996  
20 through September 1997 set forth in your exhibit?

21 A. Yes. These documents were prepared under my  
22 supervision.

23

24

25

1 Q. Have you verified that to the best of your knowledge and  
2 belief, the information contained in these documents is  
3 correct?

4 A. Yes, I have.

5  
6 Q. What is the amount to be refunded or collected through  
7 the fuel cost recovery factor in the period October 1998  
8 through December 1998?

9 A. An amount to be collected of \$225,379 was calculated as  
10 shown in Schedule 1 of my exhibit.

11

12 Q. How was this amount calculated?

13 A. The \$225,379 was calculated by taking the difference in  
14 the estimated October 1997 through March 1998 under-  
15 recovery of \$1,127,041 as approved in Order No.  
16 PSC-98-0412-FOF-EI, dated March 20, 1998 and the actual  
17 under-recovery of \$1,352,420 which is the sum of lines 7  
18 and 8 shown on Schedule A-2, page 2 of 3, Period-to-date  
19 of the monthly filing for March 1998.

20

21 Q. Ms. Cranmer, you stated earlier that you are responsible  
22 for the Purchased Power Capacity Cost True-up  
23 Calculation. Which schedules of your exhibit relate to  
24 the calculation of these factors?

25 A. Schedules CCA-1, CCA-2, and CCA-3 of my exhibit relate

1 to the Purchased Power Capacity Cost True-up Calculation  
2 for the period October 1996 through September 1997.

3

4 Q. What is the amount to be refunded or collected in the  
5 period October 1998 through December 1998?

6 A. An amount to be refunded of \$1,478,455 was calculated as  
7 shown in Schedule CCA-1 of my exhibit.

8

9 Q. How was this amount calculated?

10 A. The \$1,478,455 was calculated by taking the difference  
11 in the net estimated October 1996 through September 1997  
12 over-recovery of \$2,791,701 as approved in Order No.  
13 PSC-97-1045-FOF-EI, dated September 15, 1997 and the  
14 actual over-recovery of \$4,270,156 which is the sum of  
15 lines 11 and 12 under the total column of Schedule  
16 CCA-2.

17

18 Q. Please describe Schedules CCA-2 and CCA-3 of your  
19 exhibit.

20 A. Schedule CCA-2 shows the calculation of the actual over-  
21 recovery of purchased power capacity costs for the  
22 period October 1996 through September 1997. Schedule  
23 CCA-3 of my exhibit is the calculation of the interest  
24 provision on the over-recovery. This is the same method  
25 of calculating interest that is used in the Fuel and

1 Purchased Power (Energy) Cost Recovery Clause and the  
2 Environmental Cost Recovery Clause.

3

4 Q. Ms. Cranmer, does this complete your testimony?

5 A. Yes, it does.

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AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 980001-EI

Before me the undersigned authority, personally appeared Susan D. Cranmer, who being first duly sworn, deposes, and says that she is the Assistant Secretary and Assistant Treasurer of Gulf Power Company, a Maine corporation, that the foregoing is true and correct to the best of her knowledge, information, and belief. She is personally known to me.

Susan D. Cranmer  
Susan D. Cranmer  
Assistant Secretary and Assistant Treasurer

Sworn to and subscribed before me this 18th day of May, 1998.

Linda C. Webb  
Notary Public, State of Florida at Large



LINDA C. WEBB  
Notary Public-State of FL  
Comm. Exp: May 31, 1998  
Comm. No: CC 382703

Florida Public Service Commission  
Docket No. 980001-EI  
GULF POWER COMPANY  
Witness: S. D. Cranmer  
Exhibit No. \_\_\_\_\_ (SDC-1)  
Schedule 1

**GULF POWER COMPANY  
FUEL COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP  
OCTOBER 1997 - MARCH 1998**

1. Estimated over/(under) - recovery for the period  
OCTOBER 1997 - MARCH 1998  
(Schedule E1-A approved in Order No.  
PSC-98-0412-FOF-EI dated March 20, 1998) (1,127,041)
  
2. Actual over/(under)-recovery for the period  
OCTOBER 1997 - MARCH 1998  
(March, 1998 Schedule A-2, Page 2 of 3,  
"Period-to-Date", Lines 7 and 8) (1,352,420)
  
3. Amount to be refunded/(recovered) in the  
OCTOBER 1998 - DECEMBER 1998  
projection period (Line 2 - Line 1) (\$225,379)

Florida Public Service Commission  
Docket No. 980001-EI  
GULF POWER COMPANY  
Witness: S. D. Cranmer  
Exhibit No. \_\_\_\_ (SDC -1)  
SCHEDULE CCA-1

**GULF POWER COMPANY  
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP AMOUNT  
OCTOBER 1996 - SEPTEMBER 1997**

1. Estimated over/(under)-recovery for the period OCTOBER 1996 - SEPTEMBER 1997 with the mid-course correction filing (Schedule CCE-1a approved in Order No. PSC-97-0021-FOF-EI dated January 6, 1997)	3,315,668
2. Incremental Estimated over/(under) -recovery for the period OCTOBER 1996 - SEPTEMBER 1997 (Schedule CCE-1a approved in Order No. PSC-97-1045-FOF-EI dated September 5, 1997)	<u>(523,967)</u>
3. Net Estimated over/(under)-recovery for the period OCTOBER 1996 - SEPTEMBER 1997 (Schedule CCE-1a approved in Order No. PSC-97-1045-FOF-EI dated September 5, 1997) (Line 1 + Line 2)	2,791,701
4. Actual over/(under)-recovery for the period OCTOBER 1996 - SEPTEMBER 1997 (Schedule CCA-2 Line 11+12 in the Total column)	<u>4,270,156</u>
5. Amount to be refunded/(recovered) in the OCTOBER 1998 - DECEMBER 1998 projection period (Line 4 - Line 3)	<u>1,478,455</u>

**GULF POWER COMPANY**  
**PURCHASED POWER CAPACITY COST RECOVERY CLAUSE**  
**CALCULATION OF TRUE-UP AND INTEREST PROVISION**  
**FOR THE PERIOD OCTOBER 1996 - SEPTEMBER 1997**

	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL TOTAL
1. IIC Payments / (Receipts) (\$)	(175,876)	(543,622)	133,339	453,501	1,385,129	1,487,366	(8,995)	653,355	306,098	310,528	138,711	13,184	4,152,718
2. Capacity Payments to Monsanto (\$)	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	746,424
3. Total Capacity Payments/(Receipts) (Line 1 + 2) (\$)	(113,674)	(481,420)	195,541	515,703	1,447,331	1,549,568	53,207	715,557	368,300	372,730	200,913	75,386	4,899,142
4. Jurisdictional %	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890
5. Jurisdictional Capacity Payments / (Receipts) (Line 3 x 4) (\$)	(109,490)	(463,699)	188,343	496,719	1,394,054	1,482,527	51,248	689,217	354,742	359,010	193,518	72,611	4,718,800
6. Amount Included in Retail Base Rate Revenues (\$)	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,666)	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,666)	(1,652,000)
7. Total Jurisdictional Recovery Amount (Line 5 - 6) (\$)	28,177	(326,032)	326,010	634,386	1,531,720	1,630,193	188,915	826,884	492,409	496,677	331,184	210,277	6,370,800
8. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	852,964	803,199	769,704	455,850	379,713	379,477	364,621	444,766	510,148	616,707	604,835	490,443	6,672,427
9. True-Up Provision (\$)	65,405	65,405	65,405	411,438	411,438	411,438	411,438	411,438	411,438	411,439	411,439	411,439	3,899,160
10. Jurisdictional Capacity Cost Recovery Revenue (Line 8 + 9) (\$)	918,369	868,604	835,109	867,288	791,151	790,915	776,059	856,204	921,586	1,028,146	1,016,274	901,882	10,571,587
11. Over/(Under) Recovery (Line 10 - 7) (\$)	890,192	1,194,636	509,099	232,902	(740,569)	(839,278)	587,144	29,320	429,177	531,469	685,090	691,605	4,200,787
12. Interest Provision (\$)	4,489	8,924	13,171	13,863	10,277	5,008	2,573	2,071	1,228	1,553	2,466	3,746	69,369
13. Beginning Balance True-Up & Interest Provision (\$)	583,492	1,412,768	2,550,923	3,007,788	2,843,115	1,701,385	455,677	633,956	253,909	272,876	394,459	670,576	583,492
14. True-Up Collected/(Refunded) (\$)	(65,405)	(65,405)	(65,405)	(411,438)	(411,438)	(411,438)	(411,438)	(411,438)	(411,438)	(411,439)	(411,439)	(411,439)	(3,899,160)
15. End Of Period Total Net True-Up (Lines 11 + 12 + 13 + 14) (\$)	1,412,768	2,550,923	3,007,788	2,843,115	1,701,385	455,677	633,956	253,909	272,876	394,459	670,576	954,488	

**GULF POWER COMPANY**  
**PURCHASED POWER CAPACITY COST RECOVERY CLAUSE**  
**CALCULATION OF INTEREST PROVISION**  
**FOR THE PERIOD OCTOBER 1996 - SEPTEMBER 1997**

	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	TOTAL
1. Beginning True-Up Amount (\$)	583,492	1,412,768	2,550,923	3,007,788	2,843,115	1,701,385	455,677	633,956	253,909	272,876	394,459	670,576	
2. Ending True-Up Amount Before Interest (\$)	1,408,279	2,541,999	2,994,617	2,829,252	1,691,108	450,669	631,383	251,838	271,648	392,906	668,110	950,742	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	1,991,771	3,954,767	5,545,540	5,837,040	4,534,223	2,152,054	1,087,060	885,794	525,557	665,782	1,062,569	1,621,318	
4. Average True-Up Amount (\$)	995,886	1,977,384	2,772,770	2,918,520	2,267,111	1,076,027	543,530	442,897	262,778	332,891	531,285	810,659	
5. Interest Rate - First Day of Reporting Business Month	0.054400	0.053800	0.054500	0.059500	0.054500	0.054300	0.057400	0.056200	0.056000	0.056200	0.055800	0.055600	
6. Interest Rate - First Day of Subsequent Business Month	0.053800	0.054500	0.059500	0.054500	0.054300	0.057400	0.056200	0.056000	0.056200	0.055800	0.055600	0.055300	
7. Total Interest Rate (Lines 5 + 6)	0.108200	0.108300	0.114000	0.114000	0.108800	0.111700	0.113600	0.112200	0.112200	0.112000	0.111400	0.110900	
8. Average Interest Rate	0.054100	0.054150	0.057000	0.057000	0.054400	0.055850	0.056800	0.056100	0.056100	0.056000	0.055700	0.055450	
9. Monthly Average Interest Rate (1/12 Of Line 8)	0.004508	0.004513	0.004750	0.004750	0.004533	0.004654	0.004733	0.004675	0.004675	0.004667	0.004642	0.004621	
10. Interest Provision For the Month (Lines 4 + 9) (\$)	4,489	8,924	13,171	13,863	10,277	5,008	2,573	2,071	1,228	1,553	2,466	3,746	69,369