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Pensacola, Florida 32520

850 444 6111

ORIGINAL



October 13, 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: **Transmission Reconsideration**
Docket No. 980001-EI

Enclosed for official filing are an original and ten copies of the Prepared Direct Testimony of:

1. S. D. Cranmer ~~11530-98~~
2. M. W. Howell ~~11531-98~~

ACK _____
 AFA Sincerely,
 APP Susan D Cranmer
 CAF _____
 CMU _____
 CTR _____
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 RCH _____
 SEC 1
 WAS _____
 OTH _____

cc: Beggs and Lane
 Jeffrey A. Stone

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 MAIL ROOM
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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 13th day of October 1998 on the following:

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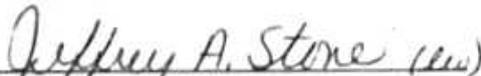
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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980001-EI

PREPARED DIRECT TESTIMONY
OF
SUSAN D. CRANMER

**TRANSMISSION
RECONSIDERATION**

October 14, 1998



DOCUMENT NUMBER DATE

11530 OCT 15 98

REGULATORY 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 Transmission Reconsideration
7 Date of Filing: October 13, 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 for Gulf Power Company.

13 Q. Please briefly describe your educational background and
14 business experience.

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

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

6

7 Q. Have you previously filed testimony before this
8 Commission in Docket No. 980001-EI?

9 A. Yes, I have.

10

11 Q. What is the purpose of your testimony?

12 A. The purpose of my testimony is to discuss the allocation
13 of transmission revenues associated with economy sales
14 transactions between the retail and wholesale
15 jurisdictions.

16

17 Q. What is the proper jurisdictional separation factor for
18 allocating transmission revenues between the retail and
19 wholesale jurisdictions?

20 A. A transmission-related separation factor, based on
21 coincident peak demand, properly allocates transmission
22 revenues between the retail and wholesale jurisdictions.
23 This is consistent with the way in which the
24 transmission-related plant costs and operation and
25 maintenance expenses were allocated in Gulf's last rate

1 case.

2

3 Q. Does Gulf propose to use a demand allocator to calculate
4 the amount of transmission revenues to flow through the
5 fuel clause?

6 A. No. For administrative simplicity, Gulf proposes to
7 allocate the transmission revenues flowed through the
8 fuel clause based on energy sales adjusted for line
9 losses, as it has been doing for transmission revenues
10 related to economy sales effective January 1997 pursuant
11 to Commission Order No. PSC-98-0073-FOF-EI dated
12 January 13, 1998. For Gulf Power, the energy allocator
13 and the demand allocator are very similar. For 1997,
14 the average energy allocator was 96.61503%, and for 1998
15 through August, the average energy allocator was
16 96.63689%. In Gulf's last rate case, the transmission-
17 related investment and expenses were allocated based on
18 coincident peak demand, with 96.73822% allocated to the
19 retail jurisdiction. For the period January 1997
20 through August 1998, \$525,145 of transmission revenues
21 would have been allocated to the retail jurisdiction
22 using the 96.73822% demand allocator. The actual
23 revenue flowed through the fuel clause during that 20-
24 month period based on energy allocators was \$524,260,

1 for a difference of \$885. Changing the allocation for
2 these transmission revenues would require fairly
3 substantial changes to Gulf's over/under recovery
4 calculation each month, and to the actual "A" schedules
5 filed each month and the final true-up and projection
6 schedules, each filed annually. In summary, due to the
7 immateriality of the difference in the energy and demand
8 allocators for Gulf Power and the administrative costs
9 involved with changing the allocator for the
10 transmission revenues associated with economy sales,
11 Gulf is proposing to continue using the energy allocator
12 to flow these transmission revenues through the fuel
13 clause to its customers.

14

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

16 A. Yes, it does.

17

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24

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 13th day of October,
1998.

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



LINDA C. WEBB
Notary Public - State of FL
Comm. Exp: May 31, 2002
Comm. No: CC 725989