

ORIGINAL

**GULF POWER COMPANY**

**Before the Florida Public Service  
Commission**

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

**Docket No. 990001-EI**

**Date of Filing: October 1, 1999**

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2 Before the Florida Public Service Commission

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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 Fuel Manager at Gulf Power Company.

11 Q. Mr. Oaks, will you please describe your education and experience?

12 A. I graduated from Belhaven College in Jackson, Mississippi, in 1977 with a  
13 Bachelor of Science Degree in Chemistry. I joined Gulf Power Company  
14 in 1977 as a Chemist. Since then, I have held various positions with the  
15 Company, including Water Chemistry Specialist, Water Quality Specialist,  
16 Environmental Affairs Specialist, Environmental Audit Administrator, and  
17 Compliance Administrator. I was promoted to my present position in May  
18 1996.

19 Q. What are your duties as Fuel Manager?

20 A. I supervise and administer the Company's fuel procurement,  
21 transportation, budgeting, contract administration, and quality control to  
22 ensure the generating plants are provided an adequate low cost fuel  
23  
24  
25

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 January 1, 2000 to  
10 December 31, 2000 and to be available to answer any questions that may  
11 occur 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. Oaks' exhibit consisting of one schedule be  
21 marked as Exhibit No. \_\_\_\_\_ (MFO-1).

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. Does the 2000 projection of fuel expenses reflect any major changes in  
2 Gulf's fuel purchasing program during this period?

3 A. Yes. Gulf Power's Smith Plant in Bay County, Florida is subject to Phase  
4 II of the Clean Air Act-Acid Rain Amendments as of January 1, 2000.  
5 Consequently, our projection for 2000 shows that it is more economical to  
6 burn low sulfur coal in Units 1 & 2, rather than high sulfur coal plus  
7 emission allowances. Also, because of the increased market price of  
8 electric capacity, it has become economical to switch fuels at Plant Daniel  
9 from sub-bituminous Power River Basin coal to a higher Btu bituminous  
10 coal, allowing us to recapture about 52 MW (Gulf Power's portion) of  
11 capacity. These two fuel switches contribute significantly to the moderate  
12 rise in projected fuel cost for the year 2000.

13  
14 Q. How much spot market coal does Gulf Power project it will purchase  
15 during the January 2000 through December 2000 period.

16 A. We are projecting the purchase of approximately 1,972,076 tons on the  
17 spot market. This represents approximately 36.78% of our projected  
18 purchase requirements.

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

21 A. Yes.  
22  
23  
24  
25

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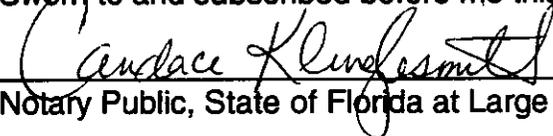
STATE OF FLORIDA )  
                          )  
COUNTY OF ESCAMBIA )

Docket No. 990001-EI

Before me the undersigned authority, personally appeared Michael F. Oaks, who being first duly sworn, deposes, and says that he is the Fuel Manager 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  
Fuel Manager

Sworn to and subscribed before me this 30<sup>th</sup> day of September, 1999.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large

Commission Number: CC 813562

Commission Expires: 5-18-2003



**GULF POWER COMPANY  
PROJECTED VS ACTUAL FUEL COST OF SYSTEM NET GENERATION**

**Cents/KWH Fuel Cost (1)**

| <b>Period Ending</b> | <b>Projected</b> | <b>Actual</b> | <b>Difference %</b> |
|----------------------|------------------|---------------|---------------------|
| 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           | 1.9431        | (0.02)              |
| March 1998           | 1.8734           | 1.8647        | (0.46)              |
| September 1998       | 1.5916           | 1.6361        | 2.80                |
| December 1999        | 1.5284           | -             | -                   |
| December 2000        | 1.6025           | -             | -                   |

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