

ORIGINAL

One Energy Place  
Pensacola, Florida 32520

850.444.6111



March 31, 2000

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:

Enclosed for official filing in Docket No. 000001-EI are an original and ten copies of the following:

1. Prepared direct testimony and exhibit of M. F. Oaks. 04046-00
2. Prepared direct testimony and exhibit of J. R. Douglass. 04047-00
3. Prepared direct testimony of M. W. Howell. 04048-00
4. Prepared direct testimony and exhibit of T. A. Davis. 04049-00

Sincerely,

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAQ \_\_\_\_\_  
 LEG \_\_\_\_\_  
 MAS \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RRR \_\_\_\_\_  
 SEC \_\_\_\_\_  
 TAW \_\_\_\_\_  
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 \_\_\_\_\_

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. 000001-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 31<sup>st</sup> day of March 2000 on the following:

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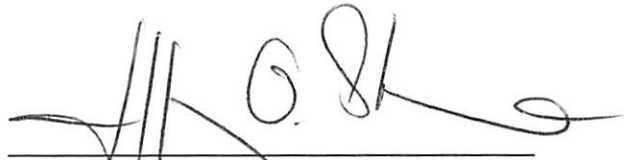
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**ORIGINAL**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FUEL COST AND PURCHASED POWER COST  
RECOVERY CLAUSE**

**DOCKET NO. 000001-EI**

**PREPARED DIRECT TESTIMONY AND  
EXHIBIT OF  
TERRY A. DAVIS**

**FINAL TRUE-UP**

**JANUARY - DECEMBER 1999 (Fuel)**

**JANUARY - DECEMBER 1999 (Capacity)**

**APRIL 3, 2000**



**A SOUTHERN COMPANY**

DOCUMENT NUMBER-DATE

**04049 APR-38**

FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Prepared Direct Testimony of  
4 Terry A. Davis  
5 Docket No. 000001-EI  
6 Fuel and Purchased Power Capacity Cost Recovery  
7 Date of Filing: April 3, 2000

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

9 A. My name is Terry Davis. My business address is One  
10 Energy Place, Pensacola, Florida 32520-0780. I am the  
11 senior Staff Accountant in the Rates and Regulatory  
12 Matters Department of Gulf Power Company.

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

15 A. I graduated from Mississippi College in Clinton,  
16 Mississippi in 1979 with a Bachelor of Science Degree in  
17 Business Administration and a major in Accounting.  
18 Prior to joining Gulf Power, I was an accountant for a  
19 seismic survey firm, Geophysical Field Surveys in  
20 Jackson, Mississippi. In that capacity, I was  
21 responsible for accounts receivable, accounts payable,  
22 sales, use, and fuel tax returns, and various other  
23 accounting activities. In 1986, I joined Gulf Power as  
24 an Associate Accountant in the Plant Accounting  
25 Department. Since then, I have held various positions

1 of increasing responsibility with Gulf in Accounts  
2 Payable, Financial Reporting, and Cost Accounting. In  
3 1993, I joined the Rates and Regulatory Matters area,  
4 where I have participated in activities related to the  
5 cost recovery clauses, budgeting, and other regulatory  
6 functions. In 1998, I was promoted to my current  
7 position, which includes preparation and coordination of  
8 the Company's Fuel, Capacity and Environmental Cost  
9 Recovery Clause filings, administration of Gulf's retail  
10 tariff, and review of other regulatory filings submitted  
11 by the Company.

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

15 A. Yes, I have.

16 Counsel: We ask that Ms. Davis' Exhibit  
17 consisting of four schedules be  
18 marked as Exhibit No. \_\_\_\_\_ (TAD-1).

19  
20 Q. Are you familiar with the Fuel and Purchased Power  
21 (Energy) true-up calculations for the period of January  
22 1999 through December 1999 and the Purchased Power  
23 Capacity Cost true-up calculations for the period of  
24 January 1999 through December 1999 set forth in your  
25 exhibit?

1 A. Yes. These documents were prepared under my direction.

2

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

6 A. Yes, I have.

7

8 Q. What is the amount to be refunded or collected through  
9 the fuel cost recovery factor in the period January 2001  
10 through December 2001?

11 A. A net amount to be refunded of \$4,015,661 was calculated  
12 as shown on Schedule 1 of my exhibit.

13

14 Q. How was this amount calculated?

15 A. The \$4,015,661 was calculated by taking the difference  
16 in the estimated January 1999 through December 1999  
17 under-recovery of \$11,302,259 and the actual under-  
18 recovery of \$7,286,598, which is the sum of the Period-  
19 to-Date amounts on lines 7 and 8 shown on Schedule A-2,  
20 page 2, of the monthly filing for December 1999. The  
21 estimated true-up amount for this period was approved in  
22 Order No. PSC-99-2512-FOF-EI dated December 22, 1999.  
23 Additional details supporting the approved estimated  
24 true-up amount are included on Schedule E1-A filed  
25 October 1, 1999.

1 Q. Ms. Davis, you stated earlier that you are responsible  
2 for the Purchased Power Capacity Cost true-up  
3 calculation. Which schedules of your exhibit relate to  
4 the calculation of these factors?

5 A. Schedules CCA-1, CCA-2, and CCA-3 of my exhibit relate  
6 to the Purchased Power Capacity Cost true-up calculation  
7 for the period January 1999 through December 1999.  
8

9 Q. What is the amount to be refunded or collected in the  
10 period January 2001 through December 2001?

11 A. An amount to be refunded of \$884,622 was calculated as  
12 shown in Schedule CCA-1, of my exhibit.  
13

14 Q. How was this amount calculated?

15 A. The \$884,622 was calculated by taking the difference in  
16 the estimated January 1999 through December 1999 under-  
17 recovery of \$12,942 and the actual over-recovery of  
18 \$871,680, which is the sum of lines 11 and 12 under the  
19 total column of Schedule CCA-2. The estimated true-up  
20 amount for this period was approved in Order No. PSC-99-  
21 2512-FOF-EI dated December 22, 1999. Additional details  
22 supporting the approved estimated true-up amount are  
23 included on Schedule CCE-1A filed October 1, 1999.  
24  
25

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

3 A. Schedule CCA-2 shows the calculation of the actual over-  
4 recovery of purchased power capacity costs for the  
5 period January 1999 through December 1999. Schedule  
6 CCA-3 of my exhibit is the calculation of the interest  
7 provision on the over-recovery for the period January  
8 1999 through December 1999. This is the same method of  
9 calculating interest that is used in the Fuel and  
10 Purchased Power (Energy) Cost Recovery Clause and the  
11 Environmental Cost Recovery Clause.

12

13 Q. Ms. Davis, does this complete your testimony?

14 A. Yes, it does.

15

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25



AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 000001-EI

Before me the undersigned authority, personally appeared Terry A. Davis, who being first duly sworn, deposes, and says that she is the senior Staff Accountant in the Rates and Regulatory Matters Department 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.

*Terry A. Davis*

Terry A. Davis  
Staff Accountant

Sworn to and subscribed before me this 28th day of March,

2000.

*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 725969

Florida Public Service Commission  
Docket No. 000001-EI  
GULF POWER COMPANY  
Witness: T. A. Davis  
Exhibit No. \_\_\_\_\_ (TAD-1)  
Schedule 1

**GULF POWER COMPANY  
FUEL COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP  
January 1999 - December 1999**

1. Estimated over/(under) - recovery for the period  
January 1999 - December 1999  
(Schedule E1-A approved in Order No.  
PSC-99-2512-FOF-EI dated December 22, 1999) (11,302,259)
  
2. Actual over/(under)-recovery for the period  
January 1999 - December 1999  
( DECEMBER 1999 Schedule A-2, Pg. 2 of 3,  
"Period-to-Date", Lines 7 and 8) (7,286,598)
  
3. Amount to be refunded/(recovered) in the  
JANUARY 2001 - DECEMBER 2001  
projection period (Line 2 - Line 1) \$4,015,661

Florida Public Service Commission  
Docket No. 000001-EI  
GULF POWER COMPANY  
Witness: T. A. Davis  
Exhibit No. \_\_\_\_ (TAD -1)  
SCHEDULE CCA-1

**GULF POWER COMPANY  
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP AMOUNT  
JANUARY 1999 - DECEMBER 1999**

- |  |                       |
|--|-----------------------|
| 1. Estimated over/(under)-recovery for the period<br>JANUARY 1999 - DECEMBER 1999<br>(Schedule CCE-1a approved in Order No.<br>PSC-99-2512-FOF-EI dated December 22, 1999) | (12,942)              |
| 2. Actual over/(under)-recovery for the period<br>JANUARY 1999 - DECEMBER 1999<br>(Schedule CCA-2 Line 11+12 in the Total column)  | <u>871,680</u>        |
| 3. Amount to be refunded/(recovered) in the<br>JANUARY 2001 - DECEMBER 2001 projection period<br>(Line 2 - Line 1)   | <u><u>884,622</u></u> |

SCHEDULE CCA-2

**GULF POWER COMPANY  
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR THE PERIOD JANUARY 1999 - DECEMBER 1999**

	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL TOTAL
1. IIC Payments / (Receipts) (\$)	829,072	696,859	472,257	437,944	565,742	602,518	(628,894)	1,139,814	313,487	336,917	296,220	406,015	5,467,953
2. Capacity Payments to Solutia (\$)	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) (\$)	891,274	759,061	534,459	500,146	627,944	664,720	(566,692)	1,202,016	375,689	399,119	358,422	468,217	6,214,377
4. Jurisdictional %	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271
5. Jurisdictional Capacity Payments / (Receipts) (Line 3 x 4) (\$)	859,925	732,363	515,661	482,555	605,858	641,340	(546,760)	1,159,738	362,475	385,081	345,816	451,749	5,995,801
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) (\$)	997,592	870,030	653,328	620,222	743,524	779,006	(409,093)	1,297,405	500,142	522,748	483,482	589,415	7,647,801
8. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	755,077	612,855	635,923	712,233	800,353	940,578	1,060,369	1,104,782	949,178	756,412	645,066	896,668	9,869,494
9. True-Up Provision (\$)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,598)	(109,598)	(109,598)	(1,315,167)
10. Jurisdictional Capacity Cost Recovery Revenue (Line 8 + 9) (\$)	645,480	503,258	526,326	602,636	690,756	830,981	950,772	995,185	839,581	646,814	535,468	787,070	8,554,327
11. Over/(Under) Recovery (Line 10 - 7) (\$)	(352,112)	(366,772)	(127,002)	(17,586)	(52,769)	51,974	1,359,865	(302,220)	339,440	124,067	51,986	197,655	906,526
12. Interest Provision (\$)	(5,483)	(6,483)	(7,113)	(6,954)	(6,661)	(6,411)	(3,151)	(477)	79	1,587	2,525	3,696	(34,846)
13. Beginning Balance True-Up & Interest Provision (\$)	(1,234,043)	(1,482,041)	(1,745,699)	(1,770,217)	(1,685,160)	(1,634,993)	(1,479,833)	(13,522)	(206,622)	242,494	477,746	641,855	(1,234,043)
14. True-Up Collected/(Refunded) (\$)	109,597	109,597	109,597	109,597	109,587	109,597	109,597	109,597	109,597	109,598	109,598	109,598	1,315,167
15. End Of Period Total Net True-Up (Lines 11 + 12 + 13 + 14) (\$)	(1,482,041)	(1,745,699)	(1,770,217)	(1,685,160)	(1,634,993)	(1,479,833)	(13,522)	(206,622)	242,494	477,746	641,855	952,804	

**GULF POWER COMPANY**  
**PURCHASED POWER CAPACITY COST RECOVERY CLAUSE**  
**CALCULATION OF INTEREST PROVISION**  
**FOR THE PERIOD JANUARY 1999 - DECEMBER 1999**

	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	TOTAL
1. Beginning True-Up Amount (\$)	(1,234,043)	(1,482,041)	(1,745,699)	(1,770,217)	(1,685,160)	(1,634,993)	(1,479,833)	(13,522)	(206,622)	242,494	477,746	641,855	
2. Ending True-Up Amount Before Interest (\$)	(1,476,558)	(1,739,216)	(1,763,104)	(1,678,206)	(1,628,332)	(1,473,422)	(10,371)	(206,145)	242,415	476,159	639,330	949,108	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	(2,710,601)	(3,221,257)	(3,508,803)	(3,448,423)	(3,313,492)	(3,108,415)	(1,490,204)	(219,667)	35,793	718,653	1,117,076	1,590,963	
4. Average True-Up Amount (\$)	(1,355,301)	(1,610,629)	(1,754,402)	(1,724,212)	(1,656,746)	(1,554,208)	(745,102)	(109,834)	17,897	359,327	558,538	795,482	
5. Interest Rate - First Day of Reporting Business Month	0.049000	0.048100	0.048500	0.048800	0.048000	0.048500	0.050500	0.051000	0.053200	0.053000	0.053000	0.055500	
6. Interest Rate - First Day of Subsequent Business Month	0.048100	0.048500	0.048800	0.048000	0.048500	0.050500	0.051000	0.053200	0.053000	0.053000	0.055500	0.056000	
7. Total Interest Rate (Lines 5 + 6)	0.097100	0.096600	0.097300	0.096800	0.096500	0.099000	0.101500	0.104200	0.106200	0.106000	0.108500	0.111500	
8. Average Interest Rate	0.048550	0.048300	0.048650	0.048400	0.048250	0.049500	0.050750	0.052100	0.053100	0.053000	0.054250	0.055750	
9. Monthly Average Interest Rate (1/12 Of Line 8)	0.004046	0.004025	0.004054	0.004033	0.004021	0.004125	0.004229	0.004342	0.004425	0.004417	0.004521	0.004646	
10. Interest Provision For the Month (Lines 4 X 9) (\$)	(5,483)	(6,483)	(7,113)	(6,954)	(6,661)	(6,411)	(3,151)	(477)	79	1,587	2,525	3,696	(34,846)