

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 000001-EI

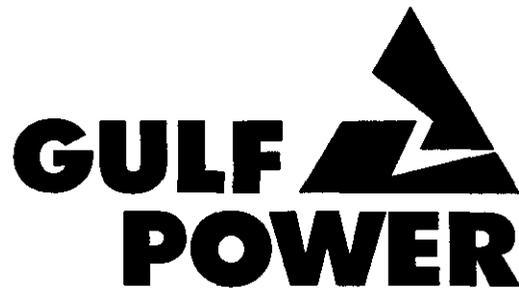
**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
TERRY A. DAVIS**

ESTIMATED TRUE-UP

JANUARY - DECEMBER 2000 (Fuel)

JANUARY - DECEMBER 2000 (Capacity)

AUGUST 21, 2000



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

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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: August 21, 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 five schedules be
18 marked as Exhibit No. _____ (TAD-2).

19
20 Q. Are you familiar with the Fuel and Purchased Power
21 (Energy) estimated true-up calculations for the period
22 of January 2000 through December 2000 and the Purchased
23 Power Capacity Cost estimated true-up calculations for
24 the period of January 2000 through December 2000 set
25 forth in your 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. How were the estimated true-ups for the current period
9 calculated for both fuel and purchased power capacity?

10 A. In each case for the estimated true-up calculations
11 includes seven months of actual data and five months of
12 estimated data.

13

14 Q. Ms. Davis, what has Gulf calculated as the fuel cost
15 recovery true-up to be applied in the period January
16 2001 through December 2001?

17 A. The fuel cost recovery true-up for this period is an
18 increase of .0458¢/kwh. As shown on Schedule E-1A, this
19 includes an estimated under-recovery for the January
20 through December 2000 period of \$8,668,391, plus a final
21 over-recovery for January through December 1999 period
22 of \$4,015,661 (see Schedule 1 filed April 1, 2000). The
23 resulting under-recovery is \$4,652,730.

24

25

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 CCE-1a and CCE-1b of my exhibit relate to the
6 Purchased Power Capacity Cost true-up calculation to be
7 applied in the January 2001 through December 2001
8 period.

9

10 Q. What has Gulf calculated as the purchased power capacity
11 factor true-up to be applied in the period January 2001
12 through December 2001?

13 A. The true-up for this period is a decrease of \$1,301,436
14 as shown on Schedule CCE-1a. This includes an estimated
15 over-recovery of \$416,814 for January 2000 through
16 December 2000. It also includes a final true-up over-
17 recovery of \$884,622 for the period of January 1999
18 through December 1999 (see Schedule CCA-1 filed April 1,
19 2000). The resulting over-recovery is \$1,301,436.

20

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

22 A. Yes, it does.

23

24

25

Schedule CCE-1a

**Purchased Power Capacity Cost Recovery Clause
Calculation of True-up
Gulf Power Company
January 2001 - December 2001**

1	Estimated over/(under)-recovery, January 2000 - December 2000 (Schedule CCE-1b-1, Line 17)	\$416,814
2	Final True-Up, January - December 1999 (Exhibit No. ____ (TAD-1), filed April 1, 2000)	<u>884,622</u>
3	Total Over/(Under)-Recovery (Line 1 & 2) (To be included in January 2001 - December 2001)	<u>\$1,301,436</u>
4	Jurisdictional KWH sales, January 2001 - December 2001	10,157,572,000
5	True-up Factor (Line 3 / Line 4) x 100 (Cents/KWH)	(0.0128)

SCHEDULE E-1A

**CALCULATION OF TRUE-UP
GULF POWER COMPANY
FOR THE PERIOD: JANUARY 2001 - DECEMBER 2001**

1.	Estimated over/(under)-recovery, JANUARY - DECEMBER 2000 (Sch. E-1B, page 2, line 8)	(\$8,668,391)
2.	Final over/(under)-recovery JANUARY - DECEMBER 1999 (EXHIBIT No.____(TAD-1), filed April 1, 2000)	<u>4,015,661</u>
3.	Total over/(under)-recovery (Lines 1 + 2) To be included in JANUARY 2001 - DECEMBER 2001 (Schedule E1, Line 28)	<u><u>(\$4,652,730)</u></u>
4.	Jurisdictional KWH sales FOR THE PERIOD: JANUARY 2001 - DECEMBER 2001	<u>10,157,572,000</u>
5.	True-up Factor (Line 3 / Line 4) x 100 (¢ / KWH)	<u><u>0.0458</u></u>

**CALCULATION OF ESTIMATED TRUE-UP
GULF POWER COMPANY
FOR THE PERIOD JANUARY 2000 - DECEMBER 2000**

		JANUARY ACTUAL	FEBRUARY ACTUAL	MARCH ACTUAL	APRIL ACTUAL	MAY ACTUAL	JUNE ACTUAL	TOTAL SIX MONTHS
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
A	1 Fuel Cost of System Generation	14,021,089.79	13,428,211.25	12,896,340.67	13,347,848.58	20,776,281.44	21,272,087.31	\$95,741,859.04
	2 Fuel Cost of Power Sold	(4,113,980.05)	(3,989,105.46)	(2,928,274.98)	(5,243,179.96)	(9,640,946.04)	(9,642,174.06)	(\$35,557,660.55)
	3 Fuel Cost of Purchased Power	2,027,842.21	1,543,359.56	2,694,948.91	3,008,613.38	3,440,876.24	7,217,018.25	19,932,658.55
	3a Demand & Non-Fuel Cost Of Purchased Power	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3b Energy Payments to Qualified Facilities	601,799.00	368,274.00	377,135.00	283,147.00	515,934.00	368,090.00	2,514,379.00
	4 Energy Cost of Economy Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5 Other Generation	151,054.19	168,728.41	0.00	161,974.42	118,139.11	152,396.04	752,292.17
	6 TOTAL FUEL & NET POWER TRANSACTIONS (Sum of Lines A1 Thru A5)	<u>\$12,687,805.14</u>	<u>\$11,519,467.76</u>	<u>\$13,040,149.60</u>	<u>\$11,558,403.42</u>	<u>\$15,210,284.75</u>	<u>\$19,367,417.54</u>	<u>\$83,383,528.21</u>
B	1 Jurisdictional KWH Sales	737,442,157	677,565,065	677,033,195	663,960,794	906,407,499	966,469,367	4,628,878,077
	2 Non-Jurisdictional KWH Sales	28,362,431	24,508,474	23,145,905	22,837,248	31,546,765	33,275,818	163,676,641
	3 TOTAL SALES (Lines B1 + B2)	<u>765,804,588</u>	<u>702,073,539</u>	<u>700,179,100</u>	<u>686,798,042</u>	<u>937,954,264</u>	<u>999,745,185</u>	<u>4,792,554,718</u>
	4 Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.2964%</u>	<u>96.5091%</u>	<u>96.6943%</u>	<u>96.6748%</u>	<u>96.6366%</u>	<u>96.6716%</u>	
C	1 Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	(1) \$14,132,372.93	\$12,992,296.44	\$12,957,636.33	\$12,733,935.78	\$17,424,913.18	\$18,600,345.77	\$88,841,500.43
	2 True-Up Provision	(1,146,038.25)	(1,146,038.25)	(1,146,038.25)	(1,146,038.25)	(1,146,038.25)	(1,146,038.25)	(6,876,229.50)
	2a Incentive Provision	3,008.54	3,008.54	3,008.54	3,008.54	3,008.54	3,008.54	18,051.24
	3 FUEL REVENUE APPLICABLE TO PERIOD (Sum of Lines C1 Thru C2a)	<u>\$12,989,343.22</u>	<u>\$11,849,266.73</u>	<u>\$11,814,606.62</u>	<u>\$11,590,906.07</u>	<u>\$16,281,883.47</u>	<u>\$17,457,316.06</u>	<u>\$81,983,322.17</u>
	4 Fuel & Net Power Transactions (Line A6)	\$12,687,805.14	\$11,519,467.76	\$13,040,149.60	\$11,558,403.42	\$15,210,284.75	\$19,367,417.54	\$83,383,528.21
	5 Jurisdictional Fuel Cost Adj. for Line Losses (Line A6 x Line B4 x 1.0014)	12,235,004.65	11,132,898.93	12,626,734.09	11,189,707.08	14,719,280.22	18,749,004.32	\$80,652,629.29
	6 Over/(Under) Recovery (Line C3-C5)	754,338.57	716,367.80	(812,127.47)	401,198.99	1,562,603.25	(1,291,688.26)	\$1,330,692.88
	7 Interest Provision	(2) (41,736.40)	(33,574.64)	(29,094.21)	(25,371.44)	(15,239.41)	(8,777.73)	(\$153,793.83)
	8 TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2000 - JUNE 2000							<u>\$1,176,899.05</u>

**CALCULATION OF ESTIMATED TRUE-UP
GULF POWER COMPANY
FOR THE PERIOD JANUARY 2000 - DECEMBER 2000**

		JULY ACTUAL	AUGUST ESTIMATED	SEPTEMBER ESTIMATED	OCTOBER ESTIMATED	NOVEMBER ESTIMATED	DECEMBER ESTIMATED	TOTAL PERIOD	
		(a)	(b)	(c)				(d)	
A	1 Fuel Cost of System Generation	22,310,924.25	21,823,642.00	17,513,543.00	13,563,278.00	15,268,803.00	16,309,140.00	\$202,531,189.29	
	2 Fuel Cost of Power Sold	(8,659,808.29)	(5,994,000.00)	(3,690,000.00)	(2,669,000.00)	(3,777,000.00)	(3,449,000.00)	(\$63,796,468.84)	
	3 Fuel Cost of Purchased Power	15,263,917.45	6,078,000.00	2,381,000.00	1,494,000.00	582,000.00	1,620,000.00	\$47,351,576.00	
	3a Demand & Non-Fuel Cost Of Purchased Power	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	
	3b Energy Payments to Qualified Facilities	734,305.00	78,551.00	12,317.00	3,718.00	0.00	0.00	\$3,343,270.00	
	4 Energy Cost of Economy Purchases	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	
	5 Other Generation	154,580.23	163,212.00	157,959.00	163,212.00	157,959.00	163,212.00	\$1,712,426.40	
	6 TOTAL FUEL & NET POWER TRANSACTIONS (Sum of Lines A1 Thru A5)	<u>\$29,803,918.64</u>	<u>\$22,149,405.00</u>	<u>\$16,374,819.00</u>	<u>\$12,555,208.00</u>	<u>\$12,231,762.00</u>	<u>\$14,643,352.00</u>	<u>\$191,141,992.85</u>	
B	1 Jurisdictional KWH Sales	1,093,167,365	1,036,184,000	904,790,000	727,912,000	689,357,000	824,496,000	9,904,784,442	
	2 Non-Jurisdictional KWH Sales	37,320,755	35,512,000	31,339,000	28,316,000	26,426,000	28,098,000	350,688,396	
	3 TOTAL SALES (Lines B1 + B2)	<u>1,130,488,120</u>	<u>1,071,696,000</u>	<u>936,129,000</u>	<u>756,228,000</u>	<u>715,783,000</u>	<u>852,594,000</u>	<u>10,255,472,838</u>	
	4 Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.6987%</u>	<u>96.6864%</u>	<u>96.6523%</u>	<u>96.2556%</u>	<u>96.3081%</u>	<u>96.7044%</u>		
C	1 Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	(1)	\$21,049,417.92	\$19,930,999.24	\$17,403,635.65	\$14,001,387.32	\$13,259,781.90	\$15,859,180.56	\$190,345,903.02
	2 True-Up Provision		(1,146,038.25)	(1,146,038.25)	(1,146,038.25)	(1,146,038.25)	(1,146,038.25)	(\$13,752,459.00)	
	2a Incentive Provision		3,008.54	3,008.54	3,008.54	3,008.54	3,008.54	\$36,102.48	
	3 FUEL REVENUE APPLICABLE TO PERIOD (Sum of Lines C1 Thru C2a)		<u>\$19,906,388.21</u>	<u>\$18,787,969.53</u>	<u>\$16,260,605.94</u>	<u>\$12,858,357.61</u>	<u>\$12,116,752.19</u>	<u>\$14,716,150.85</u>	<u>\$176,629,546.50</u>
	4 Fuel & Net Power Transactions (Line A6)		\$29,803,918.64	\$22,149,405.00	\$16,374,819.00	\$12,555,208.00	\$12,231,762.00	\$14,643,352.00	\$191,141,992.85
	5 Jurisdictional Fuel Cost Adj. for Line Losses (Line A6 x Line B4 x 1.0014)		28,860,349.88	21,445,443.96	15,848,796.48	12,102,009.92	11,796,669.83	14,180,590.76	\$184,886,490.12
	6 Over/(Under) Recovery (Line C3-C5)		(8,953,961.67)	(2,657,474.43)	411,809.46	756,347.69	320,082.36	535,560.09	(\$8,256,943.62)
	7 Interest Provision	(2)	(30,452.60)	(56,013.82)	(56,192.62)	(47,069.74)	(38,147.09)	(29,777.45)	(\$411,447.15)
	8 TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2000 - DECEMBER 2000							<u>(\$8,668,390.77)</u>	

Note 1: Estimated Revenues based on the 2000 Fuel Factor excluding revenue taxes o

1.9235 ¢/KWH

Note 2: Interest Calculated for August through December at July's rate of

0.5450

**COMPARISON OF ESTIMATED/ACTUAL VERSUS ORIGINAL PROJECTIONS
OF THE FUEL AND PURCHASED POWER COST RECOVERY FACTOR
GULF POWER COMPANY
FOR THE PERIOD JANUARY 2000 - DECEMBER 2000**

	DOLLARS				KWH				¢/KWH			
	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ACTUAL	EST.	DIFFERENCE AMT.	%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1 Fuel Cost of System Net Generation (A3)	202,531,189	195,007,137	7,524,052	3.86	12,297,413,000	12,169,190,000	128,223,000	1.05	1.6469	1.6025	0.0444	2.77
2 Nuclear Fuel Disposal Costs	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
3 Coal Car Investment	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
4 Other Generation	1,712,426	1,927,026	(214,600)	(11.14)	99,742,000	102,720,000	(2,978,000)	(2.90)	1.7169	1.876	(0.1591)	(8.48)
5 TOTAL COST OF GENERATED POWER	204,243,615	196,934,163	7,309,452	3.71	12,397,155,000	12,271,910,000	125,245,000	1.02	1.6475	1.6048	0.0427	2.66
6 Fuel Cost of Purchased Power (Exclusive of Economy) (A8)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
7 Energy Cost of Schedule C&X Econ. Purchases (Broker) (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
8 Energy Cost of Other Economy Purchases (Nonbroker) (A9)	47,351,576	31,414,000	15,937,576	100.00	1,440,071,961	1,072,290,000	367,781,961	34.30	3.2881	2.9296	0.3585	12.24
9 Energy Cost of Schedule E Economy Purchases (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
10 Capacity Cost of Schedule E Economy Purchases	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
11 Energy Payments to Qualifying Facilities (A9a)	3,343,270	208,732	3,134,538	1,501.70	99,378,479	9,130,000	90,248,479	988.48	3.3642	2.2862	1.0780	47.15
12 TOTAL COST OF PURCHASED POWER	50,694,846	31,622,732	19,072,114	60.31	1,539,450,440	1,081,420,000	458,030,440	42.35	3.293	2.9242	0.3688	12.61
13 Total Available KWH (Lines 4 + Line 12)	254,938,461	228,556,895	26,381,566	11.54	13,936,605,440	13,353,330,000	583,275,440	4.37				
14 Fuel Cost of Economy Sales (A6)	(3,090,860)	(4,355,000)	1,264,140	29.03	(153,089,761)	(189,030,000)	35,940,239	19.01	(2.0190)	(2.3039)	0.2849	12.37
15 Gain on Economy Sales (A6)	(481,507)	(440,000)	(41,507)	(9.43)	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
16 Fuel Cost of Unit Power Sales (A6)	(15,525,220)	(13,810,000)	(1,715,220)	(12.42)	(809,766,184)	(729,170,000)	(80,596,184)	(11.05)	(1.9172)	(1.8939)	(0.0233)	(1.23)
17 Fuel Cost of Other Power Sales (A6)	(44,698,882)	(24,866,000)	(19,832,882)	(79.76)	(2,062,304,312)	(1,393,865,000)	(668,439,312)	(47.96)	(2.1674)	(1.7840)	(0.3834)	(21.49)
18 TOTAL FUEL COST AND GAINS ON POWER SALES (LINES 14+15+16+17)	(63,796,469)	(43,471,000)	(20,325,469)	(46.76)	(3,025,160,257)	(2,312,065,000)	(713,095,257)	(30.84)	(2.1089)	(1.8802)	(0.2287)	(12.16)
19 Net Inadvertent Interchange	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINES 5+12+18+19)	191,141,992	185,085,895	6,056,097	3.27	10,911,445,183	11,041,265,000	(129,819,817)	(1.18)	1.7518	1.6763	0.0755	4.50
21 Net Unbilled Sales	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
22 Company Use *	372,001	377,218	(5,217)	(1.38)	21,235,339	22,503,000	(1,267,661)	(5.63)	1.7518	1.6763	0.0755	4.50
23 T & D Losses *	11,119,323	10,802,362	316,961	2.93	634,737,006	644,417,000	(9,679,994)	(1.50)	1.7518	1.6763	0.0755	4.50
24 TERRITORIAL (SYSTEM) SALES	191,141,992	185,085,895	6,056,097	3.27	10,255,472,838	10,374,345,000	(118,872,162)	(1.15)	1.8638	1.7841	0.0797	4.47
25 Wholesale Sales	6,513,981	6,433,893	80,088	1.24	350,688,396	360,624,000	(9,935,604)	(2.76)	1.8575	1.7841	0.0734	4.11
26 Jurisdictional Sales	184,628,011	178,652,002	5,976,009	3.35	9,904,784,442	10,013,721,000	(108,936,558)	(1.09)	1.864	1.7841	0.0799	4.48
26a Jurisdictional Loss Multiplier	1.0014	1.0014										
27 Jurisdictional Sales Adj. for Line Losses (Line 26 x 1.0014)	184,886,490	178,902,115	5,984,375	3.35	9,904,784,442	10,013,721,000	(108,936,558)	(1.09)	1.8666	1.7866	0.0800	4.48
28 TRUE-UP **	13,752,459	13,752,459	0	0.00	9,904,784,442	10,013,721,000	(108,936,558)	(1.09)	0.1388	0.1373	0.0015	1.09
29 TOTAL JURISDICTIONAL FUEL COST	198,638,949	192,654,574	5,984,375	3.11	9,904,784,442	10,013,721,000	(108,936,558)	(1.09)	2.0054	1.9239	0.0815	4.24
30 Revenue Tax Factor									1.01609	1.01597		
31 Fuel Factor Adjusted for Revenue Taxes									2.0377	1.9546	0.0830	4.25
32 GPIF Reward / (Penalty) **	(36,679)	(36,679)	0	0.00	9,904,784,442	10,013,721,000	(108,936,558)	(1.09)	(0.0004)	(0.0004)	0.0000	0.00
33 Fuel Factor Adjusted for GPIF Reward / (Penalty)									2.0373	1.9542	0.0831	4.25
34 FUEL FACTOR ROUNDED TO NEAREST .001(CENTS/KWH)									2.037	1.954	0.083	4.25

* Included for Informational Purposes Only

** Calculation Based on Jurisdictional KWH Sales

Note: Amounts Included in the Estimated/Actual Column represent 7 months actual and 5 months estimate. Amounts Included in the Estimated Original Column represent amounts originally projected.