

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

**DOCKET NO. 010001-EI**

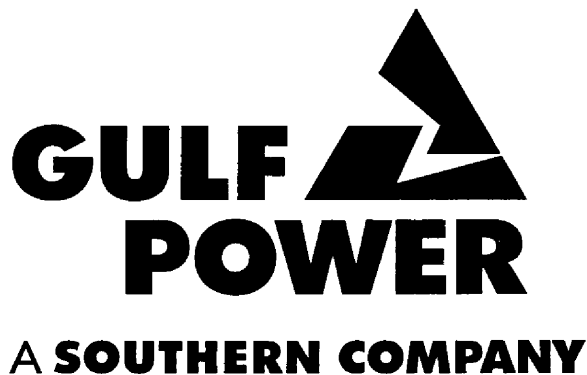
**PREPARED DIRECT TESTIMONY AND  
EXHIBIT OF  
TERRY A. DAVIS**

**FINAL TRUE-UP**

**JANUARY - DECEMBER 2000 (Fuel)**

**JANUARY – DECEMBER 2000 (Capacity)**

**APRIL 2, 2001**



DOCUMENT NUMBER-DATE

**04057 APR-25**

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. 010001-EI  
6 Fuel and Purchased Power Capacity Cost Recovery  
7 Date of Filing: April 2, 2001

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 2000 through December 2000 and the Purchased Power  
23 Capacity Cost true-up calculations for the period of  
24 January 2000 through December 2000 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 2002  
10 through December 2002?

11 A. A net amount to be refunded of \$6,907,921 was calculated  
12 as shown on Schedule 1 of my exhibit.

13

14 Q. How was this amount calculated?

15 A. The \$6,907,921 was calculated by taking the difference  
16 in the estimated January 2000 through December 2000  
17 under-recovery of \$8,668,391 and the actual under-  
18 recovery of \$1,760,470, 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 2000. The  
21 estimated true-up amount for this period was approved in  
22 Order No. PSC-00-2385-FOF-EI dated December 12, 2000.  
23 Additional details supporting the approved estimated  
24 true-up amount are included on Schedule E1-A filed  
25 August 21, 2000.

1 Q. Ms. Davis has the estimated benchmark level for gains on  
2 non-separated wholesale energy sales eligible for a  
3 shareholder incentive been updated for 2001?

4 A. Yes, it has.

5

6 Q. What is the actual threshold for 2001?

7 A. Based on actual data for 1998, 1999, and now 2000, the  
8 threshold is calculated to be \$886,926.

9

10 Q. Ms. Davis, you stated earlier that you are responsible  
11 for the Purchased Power Capacity Cost true-up  
12 calculation. Which schedules of your exhibit relate to  
13 the calculation of these factors?

14 A. Schedules CCA-1, CCA-2, and CCA-3 of my exhibit relate  
15 to the Purchased Power Capacity Cost true-up calculation  
16 for the period January 2000 through December 2000.

17

18 Q. What is the amount to be refunded or collected in the  
19 period January 2002 through December 2002?

20 A. An amount to be refunded of \$340,856 was calculated as  
21 shown in Schedule CCA-1, of my exhibit.

22

23 Q. How was this amount calculated?

24 A. The \$340,856 was calculated by taking the difference in  
25 the estimated January 2000 through December 2000 under-

1 recovery of \$331,059 and the actual over-recovery of  
2 \$9,797, which is the sum of lines 12 and 13 under the  
3 total column of Schedule CCA-2. The estimated true-up  
4 amount for this period was approved in Order No. PSC-00-  
5 2385-FOF-EI dated December 12, 2000. Additional details  
6 supporting the approved estimated true-up amount are  
7 included on Schedule CCE-1A filed August 21, 2000.

8  
9 Q. Please describe Schedules CCA-2 and CCA-3 of your  
10 exhibit.

11 A. Schedule CCA-2 shows the calculation of the actual over-  
12 recovery of purchased power capacity costs for the  
13 period January 2000 through December 2000. Schedule  
14 CCA-3 of my exhibit is the calculation of the interest  
15 provision on the over-recovery for the period January  
16 2000 through December 2000. This is the same method of  
17 calculating interest that is used in the Fuel and  
18 Purchased Power (Energy) Cost Recovery Clause and the  
19 Environmental Cost Recovery Clause.

20  
21 Q. Ms. Davis, does this complete your testimony?


22 A. Yes, it does.  
23  
24  
25

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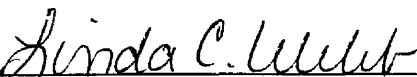
STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 010001-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  
Staff Accountant

Sworn to and subscribed before me this 28~~th~~ day of March,  
2001.

  
\_\_\_\_\_  
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. 010001-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 2000 - December 2000**

1. Estimated over/(under) - recovery for the period  
January 2000 - December 2000  
(Schedule E1-A approved in Order No.  
PSC-00-2385-FOF-EI dated December 12, 2000)      \$(8,668,391)
  
2. Actual over/(under)-recovery for the period  
January 2000 - December 2000  
( DECEMBER 2000 Schedule A-2, Pg. 2 of 3,  
"Period-to-Date", Lines 7 and 8)      (1,760,470)
  
3. Amount to be refunded/(recovered) in the  
JANUARY 2002 - DECEMBER 2002  
projection period (Line 2 - Line 1)      \$ 6,907,921



Florida Public Service Commission  
Docket No. 010001-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 2000 - DECEMBER 2000**

- |  |                   |
|--|-------------------|
| 1. Estimated over/(under)-recovery for the period<br>JANUARY 2000 - DECEMBER 2000<br>(Schedule CCE-1a approved in Order No.<br>PSC-00-2385-FOF-EI dated December 12, 2000) | \$(331,059)       |
| 2. Actual over/(under)-recovery for the period<br>JANUARY 2000 - DECEMBER 2000<br>(Schedule CCA-2 Line 12+13 in the Total column)  | <u>9,797</u>      |
| 3. Amount to be refunded/(recovered) in the<br>JANUARY 2002 - DECEMBER 2002 projection period<br>(Line 2 - Line 1)   | <u>\$ 340,856</u> |

SCHEDULE CCA-2

**GULF POWER COMPANY  
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR THE PERIOD JANUARY 2000 - DECEMBER 2000**

	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) (\$)	731,509	455,463	188,112	228,081	487,164	1,266,921	2,973,922	3,830,155	1,801,298	377,075	325,240	464,836	13,129,776
2. Transmission Revenue (\$)	(5,211)	(4,261)	(7,733)	(8,882)	(9,417)	(22,848)	(11,604)	(25,900)	(26,710)	(21,202)	(31,377)	(18,324)	(193,469)
3. Capacity Payments to Solutia (\$)	62,202	62,202	62,202	62,202	62,202	62,202	62,202	(566,892)	(116,489)	61,237	62,202	62,202	(62,326)
4. Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	788,500	513,404	242,581	281,401	539,949	1,306,275	3,024,520	3,237,363	1,658,099	417,110	356,065	508,714	12,873,981
5. 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
6. Jurisdictional Capacity Payments / (Receipts) (Line 3 x 4) (\$)	760,766	495,346	234,049	271,503	520,958	1,260,330	2,918,139	3,123,495	1,599,779	402,439	343,541	490,821	12,421,166
7. Amount Included in Retail Base Rate Revenues (\$)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,666)	(137,666)	(137,666)	(1,652,000)
8. Total Jurisdictional Recovery Amount (Line 5 - 6) (\$)	898,433	633,013	371,716	409,170	658,625	1,397,997	3,055,806	3,261,162	1,737,445	540,105	481,207	628,487	14,073,166
9. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	1,016,053	918,265	899,406	884,800	1,227,379	1,336,303	1,525,248	1,474,279	1,230,666	1,070,223	1,003,672	1,358,372	13,944,667
10. True-Up Provision (\$)	5,682	5,682	5,682	5,682	5,682	5,682	5,682	5,682	5,682	5,682	5,681	5,681	68,182
11. Jurisdictional Capacity Cost Recovery Revenue (Line 9 + 10) (\$)	1,021,735	923,947	905,088	890,482	1,233,061	1,341,985	1,530,930	1,479,961	1,236,348	1,075,905	1,009,353	1,364,053	14,012,849
12. Over/(Under) Recovery (Line 11 - 8) (\$)	123,302	290,934	533,372	481,312	574,436	(56,012)	(1,524,876)	(1,781,201)	(501,097)	535,800	528,146	735,566	(60,318)
13. Interest Provision (\$)	4,805	5,886	8,063	10,923	14,201	16,113	11,776	2,779	(3,408)	(3,366)	(542)	2,885	70,115
14. Beginning Balance True-Up & Interest Provision (\$)	952,804	1,075,229	1,366,367	1,902,120	2,388,673	2,971,629	2,926,048	1,407,266	(376,838)	(887,025)	(360,273)	161,650	952,804
15. True-Up Collected/(Refunded) (\$)	(5,682)	(5,682)	(5,682)	(5,682)	(5,682)	(5,682)	(5,682)	(5,682)	(5,682)	(5,682)	(5,681)	(5,681)	(68,182)
16. End Of Period Total Net True-Up (Lines 12 + 13 + 14 + 15) (\$)	1,075,229	1,366,367	1,902,120	2,388,673	2,971,629	2,926,048	1,407,266	(376,838)	(887,025)	(360,273)	161,650	894,420	

**GULF POWER COMPANY**  
**PURCHASED POWER CAPACITY COST RECOVERY CLAUSE**  
**CALCULATION OF INTEREST PROVISION**  
**FOR THE PERIOD JANUARY 2000 - DECEMBER 2000**

	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 (\$)	952,804	1,075,229	1,366,367	1,902,120	2,388,673	2,971,629	2,926,048	1,407,266	(376,838)	(887,025)	(360,273)	161,650	
2. Ending True-Up Amount Before Interest (\$)	1,070,424	1,360,481	1,894,057	2,377,750	2,957,428	2,909,935	1,395,490	(379,617)	(883,617)	(356,907)	162,192	891,535	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	2,023,228	2,435,710	3,260,424	4,279,870	5,346,101	5,881,564	4,321,538	1,027,649	(1,260,455)	(1,243,932)	(198,081)	1,053,185	
4. Average True-Up Amount (\$)	1,011,614	1,217,855	1,630,212	2,139,935	2,673,051	2,940,782	2,160,769	513,825	(630,228)	(621,966)	(99,041)	526,593	
5. Interest Rate - First Day of Reporting Business Month	0.056000	0.058000	0.058000	0.060700	0.061800	0.065700	0.065800	0.065000	0.064800	0.065000	0.064900	0.066500	
6. Interest Rate - First Day of Subsequent Business Month	0.058000	0.058000	0.060700	0.061800	0.065700	0.065800	0.065000	0.064800	0.065000	0.064900	0.066500	0.065000	
7. Total Interest Rate (Lines 5 + 6)	0.114000	0.116000	0.118700	0.122500	0.127500	0.131500	0.130800	0.129800	0.129800	0.129900	0.131400	0.131500	
8. Average Interest Rate	0.057000	0.058000	0.059350	0.061250	0.063750	0.065750	0.065400	0.064900	0.064900	0.064950	0.065700	0.065750	
9. Monthly Average Interest Rate (1/12 Of Line 8)	0.004750	0.004833	0.004946	0.005104	0.005313	0.005479	0.005450	0.005408	0.005408	0.005413	0.005475	0.005479	
10. Interest Provision For the Month (Lines 4 X 9) (\$)	4,805	5,886	8,063	10,923	14,201	16,113	11,776	2,779	(3,408)	(3,366)	(542)	2,885	70,115