

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 020001-EI

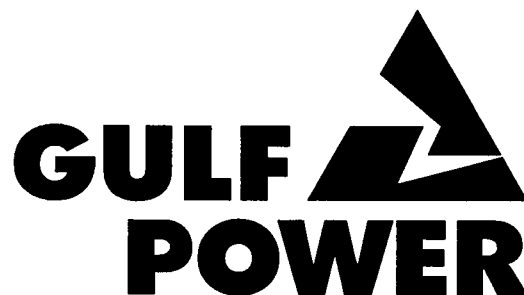
**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
TERRY A. DAVIS**

FINAL TRUE-UP FOR THE PERIOD:

JANUARY - DECEMBER 2001 (Fuel)

JANUARY – DECEMBER 2001 (Capacity)

APRIL 1, 2002



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Terry A. Davis
5 Docket No. 020001-EI
6 Fuel and Purchased Power Capacity Cost Recovery
7 Date of Filing: April 1, 2002

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 2001 through December 2001 and the Purchased Power
23 Capacity Cost true-up calculations for the period of
24 January 2001 through December 2001 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 2003
10 through December 2003?

11 A. A net amount to be collected of \$12,590,104 was
12 calculated as shown on Schedule 1 of my exhibit.

13

14 Q. How was this amount calculated?

15 A. The \$12,590,104 was calculated by taking the difference
16 in the estimated January 2001 through December 2001
17 under-recovery of \$17,609,612 and the actual under-
18 recovery of \$30,199,716, 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 2001. The
21 estimated true-up amount for this period was approved in
22 Order No. PSC-01-2516-FOF-EI dated December 26, 2001.
23 Additional details supporting the approved estimated
24 true-up amount are included on Schedule E1-A filed
25 September 20, 2001.

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 2002?

4 A. Yes, it has.

5

6 Q. What is the actual threshold for 2002?

7 A. Based on actual data for 1999, 2000, and now 2001, the
8 threshold is calculated to be \$1,197,565.

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 2001 through December 2001.

17

18 Q. What is the amount to be refunded or collected in the
19 period January 2003 through December 2003?

20 A. An amount to be collected of \$819,509 was calculated as
21 shown in Schedule CCA-1, of my exhibit.

22

23 Q. How was this amount calculated?

24 A. The \$819,509 was calculated by taking the difference in
25 the estimated January 2001 through December 2001 over-

1 recovery of \$1,515,391 and the actual over-recovery of
2 \$695,882, 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-01-
5 2516-FOF-EI dated December 26, 2001. Additional details
6 supporting the approved estimated true-up amount are
7 included on Schedule CCE-1A filed September 20, 2001.

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 2001 through December 2001. Schedule
14 CCA-3 of my exhibit is the calculation of the interest
15 provision on the over-recovery for the period January
16 2001 through December 2001. 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

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 020001-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 21st day of March,
2002.

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 725968

Florida Public Service Commission
Docket No. 020001-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 2001 - DECEMBER 2001**

- | | |
|--|---------------------|
| 1. Estimated over/(under)-recovery for the period
JANUARY 2001 - DECEMBER 2001
(Schedule CCE-1a approved in Order No.
PSC-01-2516-FOF-EI dated December 26, 2001) | \$1,515,391 |
| 2. Actual over/(under)-recovery for the period
JANUARY 2001 - DECEMBER 2001
(Schedule CCA-2 Line 12+13 in the Total column) | <u>695,882</u> |
| 3. Amount to be refunded/(recovered) in the
JANUARY 2003 - DECEMBER 2003 projection period
(Line 2 - Line 1) | <u>\$ (819,509)</u> |