



August 19, 2002

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 020001-EI

Enclosed please find an original and 10 copies of the revised testimony and exhibit of Terry A. Davis for the final true-up of the January 2001 through December 2001 recovery period. For your convenience, this is a complete replacement of the information originally filed on April 2, 2002.

As a result of a mathematical omission, Schedule 1 of the exhibit related to the Fuel Cost Recovery Clause has been revised and the testimony has been updated to reflect that change. There were no changes to the Capacity Cost Recovery Clause schedules (CCA-1, CCA-2, and CCA-3).

I regret any inconvenience this has caused. If you have any questions, please contact me or Terry Davis.

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

DOCUMENT NUMBER - DATE

08760 AUG 20 02

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clause with Generating)
Performance Incentive Factor)
_____)

Docket No. 020001-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 19th day of August 2002 on the following:

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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

JANUARY - DECEMBER 2001 (Fuel)

JANUARY – DECEMBER 2001 (Capacity)

Revised
AUGUST 20, 2002



DOCUMENT NUMBER-DATE

08760 AUG 20 02

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 Revised Filing: August 20, 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, a retail rate case,
6 and other regulatory functions. In 1998, I was promoted
7 to my current position, which includes preparation and
8 coordination of the Company's Fuel, Capacity and
9 Environmental Cost Recovery Clause filings,
10 administration of Gulf's retail tariff, and review of
11 other regulatory filings submitted 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 \$12,368,122 was
12 calculated as shown on Schedule 1 of my exhibit.

13

14 Q. How was this amount calculated?

15 A. The \$12,368,122 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 \$29,977,734, which is the sum of the Period-
19 to-Date amounts on lines 7, 8, and 12 shown on Schedule
20 A-2, page 2, of the monthly filing for December 2001.
21 The estimated true-up amount for this period was
22 approved in Order No. PSC-01-2516-FOF-EI dated
23 December 26, 2001. Additional details supporting the
24 approved estimated true-up amount are included on
25 Schedule E1-A filed 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 19th day of August,
2002.

Linda C. Webb
Notary Public, State of Florida at Large



LINDA C. WEBB
Notary Public-State of FL
Comm. Exp: May 31, 2006
Comm. No: DD 110088

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><u>\$ (819,509)</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 2001 - DECEMBER 2001

	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) (\$)	756,739	478,834	435,604	416,580	449,533	1,656,328	3,291,404	4,122,401	2,599,698	409,585	288,427	414,302	15,319,434
2. Transmission Revenue (\$)	(35,910)	(11,404)	(39,862)	(13,748)	(14,826)	(52,093)	(5,068)	(15,145)	(3,885)	(4,061)	(5,972)	(16,166)	(218,140)
3. 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
4. Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	783,031	529,632	457,944	465,034	496,909	1,666,437	3,348,537	4,169,458	2,658,015	467,726	344,657	460,338	15,847,718
5. Jurisdictional %	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747
6. Jurisdictional Capacity Payments / (Receipts) (Line 3 x 4) (\$)	755,683	511,134	441,950	448,793	479,555	1,608,236	3,231,589	4,023,837	2,565,183	451,391	332,620	444,260	15,294,231
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) (\$)	893,350	648,801	579,617	586,460	617,222	1,745,903	3,369,256	4,161,504	2,702,849	589,057	470,286	581,926	16,946,231
9. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	1,586,766	1,131,696	1,246,303	1,272,333	1,487,172	1,712,665	1,867,228	1,798,341	1,566,826	1,325,241	1,204,413	807,732	17,006,717
10. True-Up Provision (\$)	46,130	46,130	46,130	46,131	46,130	46,130	46,130	46,131	46,130	46,130	46,130	46,131	553,563
11. Jurisdictional Capacity Cost Recovery Revenue (Line 9 + 10) (\$)	1,632,896	1,177,826	1,292,433	1,318,464	1,533,302	1,758,795	1,913,358	1,844,472	1,612,956	1,371,371	1,250,543	853,863	17,560,280
12. Over/(Under) Recovery (Line 11 - 8) (\$)	739,546	529,025	712,816	732,004	916,080	12,892	(1,455,898)	(2,317,032)	(1,089,893)	782,314	780,257	271,937	614,049
13. Interest Provision (\$)	6,231	8,183	10,228	12,122	13,487	13,954	11,241	4,969	(237)	(597)	784	1,468	81,833
14. Beginning Balance True-Up & Interest Provision (\$)	894,420	1,594,067	2,085,145	2,762,059	3,460,054	4,343,492	4,324,209	2,833,422	475,229	(661,031)	74,555	809,466	894,420
15. True-Up Collected/(Refunded) (\$)	(46,130)	(46,130)	(46,130)	(46,131)	(46,130)	(46,130)	(46,130)	(46,131)	(46,130)	(46,130)	(46,130)	(46,131)	(553,563)
16. End Of Period Total Net True-Up (Lines 12 + 13 + 14 + 15) (\$)	1,594,067	2,085,145	2,762,059	3,460,054	4,343,492	4,324,209	2,833,422	475,229	(661,031)	74,555	809,466	1,036,740	

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
FOR THE PERIOD JANUARY 2001 - DECEMBER 2001**

	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 (\$)	894,420	1,594,067	2,085,145	2,762,059	3,460,054	4,343,492	4,324,209	2,833,422	475,229	(661,031)	74,555	809,466	
2. Ending True-Up Amount Before Interest (\$)	1,587,836	2,076,962	2,751,831	3,447,932	4,330,005	4,310,255	2,822,181	470,260	(660,794)	75,152	808,682	1,035,272	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	2,482,256	3,671,029	4,836,976	6,209,991	7,790,059	8,653,747	7,146,390	3,303,682	(185,565)	(585,879)	883,237	1,844,738	
4. Average True-Up Amount (\$)	1,241,128	1,835,515	2,418,488	3,104,996	3,895,030	4,326,874	3,573,195	1,651,841	(92,783)	(292,940)	441,619	922,369	
5. Interest Rate - First Day of Reporting Business Month	0.065000	0.055500	0.051500	0.050000	0.043700	0.039400	0.038000	0.037500	0.034700	0.026700	0.022200	0.020400	
6. Interest Rate - First Day of Subsequent Business Month	0.055500	0.051500	0.050000	0.043700	0.039400	0.038000	0.037500	0.034700	0.026700	0.022200	0.020400	0.017800	
7. Total Interest Rate (Lines 5 + 6)	0.120500	0.107000	0.101500	0.093700	0.083100	0.077400	0.075500	0.072200	0.061400	0.048900	0.042600	0.038200	
8. Average Interest Rate	0.060250	0.053500	0.050750	0.046850	0.041550	0.038700	0.037750	0.036100	0.030700	0.024450	0.021300	0.019100	
9. Monthly Average Interest Rate (1/12 Of Line 8)	0.005021	0.004458	0.004229	0.003904	0.003463	0.003225	0.003146	0.003008	0.002558	0.002038	0.001775	0.001592	
10. Interest Provision For the Month (Lines 4 X 9) (\$)	6,231	8,183	10,228	12,122	13,487	13,954	11,241	4,969	(237)	(597)	784	1,468	81,833