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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

_____)
In Re: Petition for Rate Increase)
by Gulf Power Company) Docket No. 130140-EI
_____)

Direct Testimony of Greg R. Meyer

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
Chesterfield, MO 63017.

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of public utility regulation and an Associate with the
firm of Brubaker & Associates, Inc., energy, economic and regulatory
consultants.

**Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
EXPERIENCE.**

A This information is included in Appendix A to my testimony.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing in this proceeding on behalf of the Federal Executive Agencies
("FEA"). The FEA purchases substantial amounts of electricity from Gulf Power
Company ("Gulf Power" or "Company") and the outcome of this proceeding will
have an impact on their cost of electricity.

1 **Introduction**

2 **Q WHAT AMOUNT OF INCREASE HAS GULF POWER REQUESTED?**

3 A The overall increase requested by Gulf Power is \$74.4 million in base revenues.

4

5 **Q PLEASE IDENTIFY THE WITNESSES PRESENTING TESTIMONY ON**
6 **BEHALF OF THE FEA AND BRIEFLY DESCRIBE THE AREAS THAT EACH**
7 **WILL ADDRESS.**

8 A The FEA will sponsor two witnesses, Mr. Michael Gorman and myself. Mr.
9 Gorman will present testimony on cost of capital. I will address other revenue
10 requirement issues.

11

12 **Q DO YOU BELIEVE THAT GULF POWER'S PROPOSED OVERALL INCREASE**
13 **OF \$74.4 MILLION IS REASONABLE?**

14 A No. Based on the testimony of Mr. Gorman and myself, I believe that Gulf
15 Power's claimed revenue requirement and revenue deficiency are significantly
16 overstated.

17

18 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A I am providing testimony which will address several adjustments to Gulf Power's
20 revenue requirement. I am proposing:

- 21 1. An adjustment to Gulf Power's residential revenues;
- 22 2. An adjustment to Gulf Power's level of Production O&M expense;
- 23 3. An adjustment to Gulf Power's proposed annual accrual for property damage
24 (storms); and
- 25 4. A discussion of Gulf Power's proposed level of rent expense.

1 I have prepared a table which lists each of the revenue requirement adjustments
2 the FEA is proposing in Gulf Power's filed case and the value of each
3 adjustment. Following Table 1 is a short description of the adjustments.

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<u>Description</u>	<u>Value (\$/Million)</u>
1. Return on Equity	\$24.0
2. Gulf Power's Capital Structure	25.5
3. Residential Revenues	1.8
4. Production O&M Expenses	5.7
5. Storms	<u>5.5</u>
6. Total Reduction	\$62.5

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1. Return on Equity – Mr. Gorman is proposing a 9.45% return on equity (“ROE”) as compared to Gulf Power’s requested 11.50% ROE.
 2. Capital Structure – Mr. Gorman is proposing adjustments to Gulf Power’s capital structure to properly reflect the inclusion of no-cost capital amounts.
 3. Residential Revenues – I am proposing to increase the usage per customer for the 2014 forecasted test year.
 4. Production O&M Expenses – I am proposing to reduce the level of Production O&M expenses for the forecasted test year.
 5. Storms – I am proposing to continue the current accrual level for property damages as a result of storms.

22 The fact that I do not address a specific revenue requirement issue
23 should not be interpreted as approval or acceptance by the FEA of any position
24 taken by Gulf Power unless I state otherwise.

25

1 **Residential Revenues**

2 **Q PLEASE EXPLAIN THIS ISSUE.**

3 A Gulf Power has used its forecast of the 2014 kWh sales as the basis for
4 developing residential revenues for the test year in this case. As part of this
5 process, Gulf Power has developed a monthly forecasted usage per customer
6 per billing day, which it multiplies by its forecasted level of customers and the
7 billing cycle days per month.

8

9 **Q DO YOU AGREE WITH GULF POWER'S FORECAST OF MONTHLY
10 RESIDENTIAL USAGE PER CUSTOMER PER BILLING DAY?**

11 A No I believe the monthly levels are understated. The usage per residential
12 customer does not reflect Gulf Power's expectation regarding the economic
13 recovery of its service territory.

14

15 **Q WHAT IS GULF POWER'S EXPECTATION REGARDING THE ECONOMIC
16 RECOVERY?**

17 A On page 3 of Schedule F-8 of Gulf Power's Minimum Filing Requirements, the
18 Company states that it projects that the economy in its service area will begin
19 recovery in 2013 and continue until economic indicators either return to or
20 exceed 2006 pre-recession levels by the end of 2015.

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1 Q DOES GULF POWER'S FORECAST OF MONTHLY RESIDENTIAL USAGE
2 PER CUSTOMER PER BILLING DAY REFLECT THIS CONTINUED
3 RECOVERY?

4 A No. The monthly residential usage per customer for 2014 shows an increase
5 over 2013 levels for January through April. However, the 2014 monthly
6 residential usage per customer per billing day for May through December of 2014
7 is less than the 2013 values for the same period.

8

9 Q HOW DO THE 2013 MONTHLY KWH SALES PER CUSTOMER PER BILLING
10 DAY COMPARE TO THE 2014 VALUES?

11 A Schedule GRM-1 shows the monthly residential usage per customer per billing
12 day for 2013 and 2014, the difference and the percentage difference.

13

14 Q WHAT AFFECT DOES THE FORECASTED DECLINE FROM 2013 TO 2014 IN
15 RESIDENTIAL MONTHLY USAGE PER CUSTOMER PER BILLING DAY
16 HAVE ON KWH SALES AND REVENUES?

17 A Although the monthly differences appear small, the affect on annual revenue is
18 significant. The decline in April through December residential monthly usage per
19 customer per billing day from 2013 to 2014 results in a reduction in revenue of
20 over \$1.8 million.

21

22 Q ARE YOU PROPOSING AN ADJUSTMENT TO THE 2014 CUSTOMER
23 USAGE FORECAST?

24 A Yes. In line with Gulf Power's own expectations about the economic recovery of
25 its service territory, the 2014 monthly customer usage amounts for May through

1 December should at least equal the 2013 levels for the same period. Therefore, I
2 recommend substituting the 2013 May through December customer usage
3 amounts for the forecasted 2014 levels. This adjustment increases the 2014 test
4 year residential sales by 41,866,372 kWh.

5

6 **Q HOW DOES THIS AFFECT TEST YEAR MARGINAL REVENUES?**

7 A The current marginal residential energy rate, as shown on page 1 of
8 Schedule A-2 is 4.313¢/kWh. As a result of my recommended adjustment,
9 residential revenues increase by \$1,805,670. The effect on revenue requirement
10 in this case is a decrease of \$1,805,670 as a result of my adjustment.

11

12 **Production O&M Expenses**

13 **Q HAS GULF POWER PROPOSED TO INCREASE ITS PRODUCTION**
14 **EXPENSES FROM THE LEVEL INCURRED IN THE HISTORICAL YEAR**
15 **ENDED 2012?**

16 A Yes. Gulf Power's witness, Raymond W. Grove, prepared direct testimony which
17 proposes to increase production expenses by approximately \$5.5 million.

18

19 **Q WHAT WAS THE LEVEL OF PRODUCTION EXPENSE INCURRED IN 2012**
20 **AND FORECASTED FOR THE PROJECTED TEST YEAR OF 2014?**

21 A The actual amount of production expense incurred in 2012 was \$101.2 million.
22 The 2014 projected test year amount is \$106.7 million.

23

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1 Q DO YOU BELIEVE THE \$5.5 MILLION INCREASE PRODUCES A
2 REASONABLE LEVEL OF PRODUCTION EXPENSE?

3 A No. I believe Gulf Power's proposed increase is excessive. Therefore, I am
4 proposing that the level of production expense proposed by Gulf Power be
5 reduced by \$5.7 million.

6

7 Q WHAT IS THE BASIS FOR YOUR PROPOSED ADJUSTMENTS?

8 A I have reviewed the historic cost data provided by Mr. Grove and attached as
9 Schedule 7 to his direct testimony. Based on that review, I believe Gulf Power's
10 proposed production expense level of \$106.7 million is overstated. Schedule 7
11 breaks out the level of production expense by baseline expenses and outage
12 expenses. Both of these categories of expense have large increases for the
13 2014 test year compared to the historical actual level of expenses. Furthermore,
14 a review of Gulf Power's projected level by production expenses from its last rate
15 case reveals that Gulf Power has historically over-forecasted these expenses.

16

17 Q PLEASE DESCRIBE WHAT IS INCLUDED IN THE BASELINE OF
18 PRODUCTION EXPENSES.

19 A As Mr. Grove stated on page 14 of his direct testimony:

20 Baseline expenses are costs required to conduct the day-to-day
21 operation and maintenance of the generating equipment and
22 auxiliary equipment and facilities. Baseline expenses include all
23 labor, material and other expenses, such as contracts for
24 maintaining grounds, janitorial services, and other services.

25

1 Q WHAT ARE THE HISTORIC AND FORECASTED LEVELS OF BASELINE
2 PRODUCTION EXPENSES?

3 A I have prepared Schedule GRM-2 which shows the historic and forecasted levels
4 of baseline production expenses. As this schedule shows, the 2013 and 2014
5 levels of Baseline Materials and Baseline Other expenses has been significantly
6 increased from the actual levels experienced by Gulf Power dating back to 2008.

7 The forecasted level of Baseline Materials expense reflects increases
8 from 17.5% to 56.9% above the actual 2008 through 2012 levels. The Baseline
9 Materials expenses do not exhibit a steady increase in the level of expense, but
10 instead have both increased and decreased from year to year during the 2008
11 through 2012 historical period. However, in no year has the level of expenses
12 changed as much as the forecasted increase from 2012 to 2013. In fact, the
13 level of change forecasted from 2012 to either 2013 or 2014 is more than the
14 difference between the lowest and highest levels of expenses that occurred
15 during the 2008 through 2012 historical period (2009 compared to 2011).

16 The Baseline Other expenses increase by \$5.6 and \$6.8 million from the
17 actual amount recorded in 2012 to the levels forecast in 2013 and 2014,
18 respectively. An annual increase of the magnitude forecasted by the Company
19 has only occurred once during the 2008 through 2012 historical period (2009 to
20 2010). Baseline Other expenses also do not exhibit a steady increase in the total
21 level of expense. Like Baseline Materials expenses, Baseline Other expenses
22 have both increased and decreased from year to year during the 2008 through
23 2012 historical period.

24 In summary, I believe the level of Baseline Materials and Baseline Other
25 expenses forecasted for 2014 is overstated.

1 Q DID YOU REVIEW GULF POWER'S FORECASTED LEVEL OF BASELINE
2 EXPENSES FROM ITS LAST RATE CASE?

3 A Yes. I reviewed Mr. Grove's direct testimony from the last case (Docket
4 No. 110138-EI). In that case, Mr. Grove forecasted the following levels of
5 baseline production expenses. I have prepared Table 2 which compares Gulf
6 Power's forecasted level of expense to the actual levels recorded on Gulf
7 Power's books for 2011 and 2012.

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<u>Description</u>	<u>Budget</u> <u>2011</u>	<u>Actual</u> <u>2011</u>	<u>Budget</u> <u>2012</u>	<u>Actual</u> <u>2012</u>
Baseline Materials	\$ 9,526	\$ 8,514	\$ 8,734	\$ 7,843
Baseline Other	47,485	47,393	47,544	44,846
Baseline Labor	<u>30,077</u>	<u>27,779</u>	<u>30,828</u>	<u>28,150</u>
Total Baseline	\$87,088	\$83,686	\$87,106	\$80,839

Source: Docket No. 110138-EI, Exhibit No. ____ (RWG-1), Schedule 7

16 The above table reveals that Gulf Power over-forecasted the baseline
17 production expenses in its previous case for years 2011 and 2012. Including
18 over-forecasted expenses in rates provides a benefit to shareholders as it
19 provides more certainty that the authorized rate of return will be achieved.

20

21 Q PLEASE DESCRIBE YOUR REVIEW OF THE OUTAGE EXPENSES.

22 A I reviewed the level of outage expenses from 2008 through the forecast test year
23 of 2014. As expected, the level of outage expense fluctuates each year. This
24 review also revealed that different units exhibit different outage expenses and the
25 number of days that a unit is offline for maintenance will also vary. However, I

1 did notice that the level of outage expenses for 2013 is drastically lower than the
2 actual levels or the amount forecasted for 2014. I am concerned that the level of
3 2014 may be inflated due to the extremely low level of expenses forecasted for
4 2013. I have included Table 3 to show the levels of outage expense. The level
5 of expense fluctuations shown in this table suggest that significantly higher
6 maintenance expenses in 2011 and 2012 may have allowed a drastically lower
7 level to be realized in 2013. This drastically low level of maintenance in 2013
8 would likely result in inflated levels in 2014.

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<u>Year</u>	<u>Outage Expense</u>
2008 (A)	\$ 13,014
2009 (A)	\$ 14,183
2010 (A)	\$ 10,871
2011 (A)	\$ 26,206
2012 (A)	\$ 20,109
2013 (F)	\$ 2,420*
2014 (F)	\$17,221*

(A) = Actual
(F) = Forecasted
*Adjusted for Scholz excluded.

Source: Docket No. 130140-EI
Exhibit No. ____ (RWG-1), Schedule 7

1 Q PLEASE DESCRIBE HOW YOU DERIVED YOUR ADJUSTED LEVEL OF
2 BASELINE PRODUCTION EXPENSE OF \$100.9 MILLION.

3 A I reflected the highest historic levels of Baseline Materials and Baseline Other
4 expenses incurred in 2011. I then added the forecasted 2014 level of Baseline
5 Labor to those totals to arrive at the level of baseline production expenses.
6 Table 4 shows the breakdown of the level of baseline expenses.

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<u>Description</u>	<u>FEA Proposed Baseline Production Expense</u>
Baseline Materials	\$ 8,514
Baseline Other	47,393
Baseline Labor	<u>29,476</u>
Total Baseline	\$85,383

Source: Schedule GRM-2

16 To this baseline's total, I propose to add the 2014 forecasted level of
17 outage expense as adjusted (\$17,221). I also propose to add the expenses for
18 special projects and reflect the adjustments for Scholz, Perdido and Wholesale.
19 After summing all of these amounts, I propose a total production O&M level of
20 \$101.0 million.

21 I believe this to be a conservative total as I have not proposed to adjust
22 the forecasted level of outage expenses. I contend that the significant volatility
23 exhibited during the 2008 through 2012 historical and 2013 forecasted periods
24 would support a normalized level rather than the 2014 forecasted level. I have

1 not proposed such an adjustment for outage expenses, but believe the
2 Commission could justifiably reduce my proposed level even further.

3

4 **Storms**

5 **Q IN ITS DIRECT TESTIMONY, GULF POWER HAS REQUESTED AN**
6 **INCREASE OF \$5.5 MILLION IN THE PROPERTY DAMAGE ANNUAL**
7 **ACCRUAL. DO YOU AGREE THAT AN ANNUAL PROPERTY DAMAGE**
8 **ACCRUAL OF \$9 MILLION IS REASONABLE?**

9 A No. I am proposing that Gulf Power's annual property damage accrual should
10 remain at the current level of \$3.5 million.

11

12 **Q WHAT IS THE BASIS FOR YOUR POSITION?**

13 A On page 29 of the Report and Order in Gulf Power's last rate case, Docket
14 No. 110138-EI (Order No. PSC-12-0179-FIF-EI), the Commission had the
15 following conclusion:

16 On balance, we find that the record supports maintaining the existing
17 annual accrual at \$3.5 million. No pressing need has been identified to
18 warrant an increase in the accrual at this time. As such, we find that a
19 \$3.5 million accrual coupled with the 2011 year-end reserve level of
20 approximately \$31 million will be sufficient to cover the costs of most, but
21 not all storms. If circumstances change, it will be appropriate to revisit
22 this decision in a future proceeding.

23 In that rate case, the Commission also determined that target reserve
24 levels should be increased to \$48 to \$55 million. Since the Commission decision

25

1 in Docket No. 110138-EI, the circumstances have not changed and this
2 Commission should continue the annual accrual of \$3.5 million.

3 In 2012, Gulf Power did not record storm charges which were greater
4 than the \$3.5 million annual accrual. Thus, the reserve level grew to a 2012 year
5 ending balance of \$32 million. Gulf Power has projected that at the end of 2014,
6 the reserve level will be approximately ***\$38.8 million.*** Therefore, the reserve
7 level will have ***grown by \$7.8 million*** from the end of 2011 through
8 December 2014. In Gulf Power's last rate case, the Commission's finding that a
9 reserve level of \$31 million will be sufficient to cover the costs of most, but not all
10 storms is still valid today. ***The substantial growth in the reserve level since
11 Gulf Power's last rate case, to a projected reserve level of \$38.8 million,***
12 continues to support the Commission's previous finding that \$3.5 million is an
13 appropriate level for the property damage annual accrual.

14

15 **Q IS THE \$3.5 MILLION ANNUAL ACCRUAL A SUFFICIENT LEVEL OF**
16 **FUNDING TO COVER MOST STORM CHARGES WHICH HAVE**
17 **HISTORICALLY OCCURRED DURING A YEAR?**

18 **A** Yes. In response to Citizens' Interrogatory 162, the history of storm charges was
19 presented back to 1985. The current level of \$3.5 million annual accrual would
20 ***have covered every year of storm costs during the last 28 years, except for six
21 years. The charges in three of those six years exceeded an annual accrual of
22 \$3.5 million, by less than \$700,000.***

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1 Q HAS THE COMMISSION ESTABLISHED ANY GUIDELINES RELATED TO
2 STORM RESTORATION COSTS?

3 A Yes. The Commission has established the following three guidelines for storm
4 restoration costs:

- 5 1. An annual property damage accrual adjusted over time as
6 circumstances change;
- 7 2. A reserve adequate to accommodate most, but not all, storm years.
- 8 3. A provision for utilities to receive surcharges for the recovery of costs
9 that exceed the reserve.

10

11 Q PLEASE COMMENT ON EACH GUIDELINE.

12 A The current annual funding level of \$3.5 million is a sufficient funding level. In
13 Docket No. 010949-EI, the Commission found that the level of the accrual be
14 sufficient to cover annual damages and promote growth in the reserve. Since the
15 annual accrual level has been \$3.5 million beginning in 1997, Gulf Power has
16 ***only had three years where the accrual of \$3.5 million was not sufficient to
17 cover the annual storm charges. In only one year since 1997 has the amount of
18 storm charges exceeded the 3.5 million accrual by more than \$700,000.***
19 Therefore, Guideline 1 has been satisfied with the annual funding of \$3.5 million.

20 The reserve level is projected to ***grow by \$7.8 million*** from Gulf
21 Power's last rate case through December 2014. The current storm reserve level
22 would ***cover all of the accumulated storm costs from 2005 through 2012.
23 Given that the current level of property damage annual accrual is sufficient to
24 cover most years' storm costs and has also allowed for the growth of \$7.8 million
25 in the property damage reserve,*** the existing \$3.5 million level is an adequate

1 ongoing annual accrual. Furthermore, the ***\$7.8 million growth in the reserve
2 demonstrates the positive trend towards reaching*** the Commission's reserve
3 range of \$48 to \$55 million that is supported by the current level of annual
4 accrual.

5 Finally, the Commission has authorized ratepayer surcharges when storm
6 costs have exceeded what was in the storm reserve. This proactive action by the
7 Commission demonstrates that it intends to provide timely rate recovery of storm
8 costs to utilities in Florida. In addition, Gulf Power can also use proceeds from
9 insurance claims to offset its storm costs.

10

11 **Q PLEASE SUMMARIZE YOUR POSITION.**

12 **A** I recommend that the Commission continue the \$3.5 million annual accrual. This
13 level ***continues to be sufficient to fund most years' storms. This level of annual
14 accrual has also allowed Gulf Power's property damage reserve level to continue
15 to grow.*** Finally, the Commission has taken a proactive approach to
16 extraordinary storm cost recovery through the use of surcharges.

17

18 **Transmission Rent Expense**

19 **Q DO YOU SUPPORT THE LEVEL OF TRANSMISSION RENT GULF POWER**
20 **HAS INCLUDED IN THE 2014 TEST YEAR?**

21 **A** No. The level of transmission rent expense is significantly higher than the
22 amount experienced during 2012.

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1 Q HOW DO THE 2013 AND 2014 FORECASTED LEVELS OF TRANSMISSION
2 RENT EXPENSE COMPARE TO THE HISTORIC LEVELS EXPERIENCED BY
3 GULF POWER?

4 A Table 5 illustrates the significant growth in transmission rent expense from 2008
5 through the 2012. Gulf Power has forecasted this expense to increase by \$4.3
6 million in 2013 and \$7.9 million in 2014.

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<u>Year</u>	<u>Outage Expense</u>
2008	\$ 319,000
2009	\$ 1,487,000
2010	\$ 2,531,000
2011	\$ 2,497,000
2012	\$ 5,508,000
2013	\$ 9,812,000
2014	\$13,386,000

17

18 Q HAS GULF POWER PROVIDED ANY EXPLANATION FOR THE SIGNIFICANT
19 INCREASE IN TRANSMISSION RENT EXPENSE?

20 A In its Minimum Filing Requirements at page 1 of Schedule C-8, Gulf Power
21 provided the following "detail of changes in expenses" regarding transmission
22 rent expense.

23
24
25

<u>Acct No.</u>	<u>Account</u>	<u>Test Year Ended 12/31/14</u>	<u>Prior Year Ended 12/31/13</u>	<u>Increase/(Decrease)</u>		<u>Reason(s) for Changes</u>
				<u>Dollars (000s)</u>	<u>Percent %</u>	
567	Trans. Rent	\$13,386	\$9,812	\$3,574	36.42%	See Note 7

Note 7: \$3,574,000 increase in new projects within Transmission Rent 115KV. Certain transmission costs are recovered through the purchased power capacity cost recovery clause.

Schedule C-8 also lists Company witnesses Grove, Erickson, McQuagge and Caldwell as responsible for this portion of the Minimum Filing Requirements.

Q DO ANY OF THE GULF POWER WITNESSES LISTED ON SCHEDULE C-8 PROVIDE AN EXPLANATION FOR THE SIGNIFICANT INCREASES IN TRANSMISSION RENT EXPENSE, EITHER HISTORICALLY OF AS FORECASTED?

A No.

Q WHAT ARE YOU RECOMMENDING WITH REGARD TRANSMISSION RENT EXPENSE?

A I recommend that the Commission require Gulf Power to provide a detailed explanation and supporting documentation that justifies the significant increase in transmission rent. Forecasted increases in expense of such magnitude must not be included in rates without adequate justification.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes, it does.

1

Qualifications of Greg R. Meyer

2 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
4 Chesterfield, MO 63017.

5

6 **Q PLEASE STATE YOUR OCCUPATION.**

7 A I am an Associate in the field of public utility regulation with the firm of Brubaker
8 & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

9

10 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
11 **EXPERIENCE.**

12 A I graduated from the University of Missouri in 1979 with a Bachelor of Science
13 Degree in Business Administration, with a major in Accounting. Subsequent to
14 graduation I was employed by the Missouri Public Service Commission. I was
15 employed with the Commission from July 1, 1979 until May 31, 2008.

16 I began my employment at the Missouri Public Service Commission as a
17 Junior Auditor. During my employment at the Commission, I was promoted to
18 higher auditing classifications. My final position at the Commission was an
19 Auditor V, which I held for approximately ten years.

20 As an Auditor V, I conducted audits and examinations of the accounts,
21 books, records and reports of jurisdictional utilities. I also aided in the planning of
22 audits and investigations, including staffing decisions, and in the development of
23 staff positions in which the Auditing Department was assigned. I served as Lead
24 Auditor and/or Case Supervisor as assigned. I assisted in the technical training

1 of other auditors, which included the preparation of auditors' workpapers, oral
2 and written testimony.

3 During my career at the Missouri Public Service Commission, I presented
4 testimony in numerous electric, gas, telephone and water and sewer rate cases.
5 In addition, I was involved in cases regarding service territory transfers. In the
6 context of those cases listed above, I presented testimony on all conventional
7 ratemaking principles related to a utility's revenue requirement. During the last
8 three years of my employment with the Commission, I was involved in developing
9 transmission policy for the Southwest Power Pool as a member of the Cost
10 Allocation Working Group.

11 In June of 2008, I joined the firm of Brubaker & Associates, Inc. as a
12 Consultant. Since joining the firm, I have presented testimony and/or testified in
13 the state jurisdictions of Florida, Idaho, Illinois, Indiana, Maryland, Missouri and
14 Washington. I have also appeared and presented testimony in Alberta and Nova
15 Scotia, Canada. These cases involved addressing conventional ratemaking
16 principles focusing on the utility's revenue requirement. The firm Brubaker &
17 Associates, Inc. provides consulting services in the field of energy procurement
18 and public utility regulation to many clients including industrial and institutional
19 customers, some utilities and, on occasion, state regulatory agencies.

20 More specifically, we provide analysis of energy procurement options
21 based on consideration of prices and reliability as related to the needs of the
22 client; prepare rate, feasibility, economic, and cost of service studies relating to
23 energy and utility services; prepare depreciation and feasibility studies relating to
24 utility service; assist in contract negotiations for utility services, and provide
25 technical support to legislative activities.

1 In addition to our main office in St. Louis, the firm has branch offices in
2 Phoenix, Arizona and Corpus Christi, Texas.

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GULF POWER COMPANY
Docket No. 130140-EI

kWh Sales/Customer/Billing Day

<u>Line</u>	<u>Description</u>	<u>January</u> (1)	<u>February</u> (2)	<u>March</u> (3)	<u>April</u> (4)	<u>May</u> (5)	<u>June</u> (6)	<u>July</u> (7)	<u>August</u> (8)	<u>September</u> (9)	<u>October</u> (10)	<u>November</u> (11)	<u>December</u> (12)
1	2013	37.60	36.05	30.29	27.65	31.63	43.64	50.90	51.56	47.57	38.28	28.89	31.84
2	2014	38.14	36.47	30.54	27.75	31.58	43.45	50.59	51.17	47.07	37.67	28.19	31.04
3	Difference	0.54	0.42	0.25	0.10	-0.05	-0.19	-0.31	-0.39	-0.50	-0.61	-0.70	-0.80
4	% Difference	1.44%	1.16%	0.83%	0.37%	-0.16%	-0.43%	-0.61%	-0.76%	-1.05%	-1.58%	-2.43%	-2.51%

GULF POWER COMPANY
 Docket No. 130140-EI

Historic and Forecasted Levels of Baseline Production Expense

<u>Line</u>	<u>Description</u>	<u>Actual 2008 (1)</u>	<u>Actual 2009 (2)</u>	<u>Actual 2010 (3)</u>	<u>Actual 2011 (4)</u>	<u>Actual 2012 (5)</u>	<u>Forecasted 2013 (6)</u>	<u>Forecasted 2014 (7)</u>	<u>2008 - 2012 Average (8)</u>
1	Baseline Materials	\$ 7,288	\$ 6,376	\$ 7,762	\$ 8,514	\$ 7,843	\$ 10,321	\$ 10,006	\$ 7,557
2	Baseline Other	40,727	37,820	46,923	47,393	44,846	50,381	51,593	43,542
3	Baseline Labor	27,328	25,769	27,237	27,779	28,150	29,009	29,476	27,253
4	Total Baseline	\$ 75,343	\$ 69,965	\$ 81,922	\$ 83,686	\$ 80,839	\$ 89,711	\$ 91,075	\$ 78,351

Source: Exhibit No. ____ (RWG-1), Schedule 7

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of FEDERAL EXECUTIVE AGENCIES' TESTIMONY has been furnished to the following by electronic mail this 16th day of October, 2013:

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