

Ms. Blanca S. Bayo
June 15, 1995
Page Two

5. Prepared direct testimony and exhibit of S. D. Cranmer.

In addition to the schedules attached to the testimony, enclosed is one copy for the hearing record of Schedules A1 through A12 previously filed with the Commission for the months of December 1994, January, February, March, and April 1995. These schedules are the schedules from May which have not yet been filed are identified as part of Ms. Cranmer's composite exhibit SDC-2.

Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

Sincerely,



lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 950001-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 15th day of June 1995 on the following:

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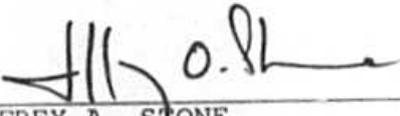
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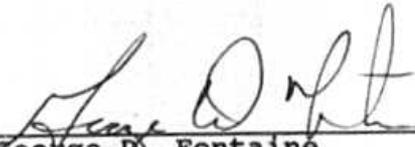
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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 950001-EI

Before me the undersigned authority, personally appeared George D. Fontaine, who being first duly sworn, deposes, and says that he is the Performance Test Specialist of Gulf Power Company, a Maine Corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



George D. Fontaine
Performance Test Specialist

Sworn to and subscribed before me this 12 day of June, 1995.



Notary Public, State of Florida at Large
Commission Number: _____
Commission Expires: _____

PEGGY ALLEN WILSON
"Notary Public State of Florida"
My Commission Expires July 29, 1997
CC303770

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clauses and)
Generating Performance)
Incentive Factor)

Docket No. 950001-EI
Filed: June 16, 1995

PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL FUEL COST TRUE-UP AMOUNTS AND GPIF ADJUSTMENT
FOR OCTOBER 1994 THROUGH MARCH 1995;
ESTIMATED FUEL COST TRUE-UP AMOUNTS
FOR APRIL 1995 THROUGH SEPTEMBER 1995;
PROJECTED FUEL COST RECOVERY AMOUNTS
FOR OCTOBER 1995 THROUGH MARCH 1996;
FINAL PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR OCTOBER 1994 THROUGH MARCH 1995;
ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR APRIL 1995 THROUGH SEPTEMBER 1995;
PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS
FOR OCTOBER 1995 THROUGH SEPTEMBER 1996;
GPIF TARGETS AND RANGES FOR OCTOBER 1995 THROUGH MARCH 1996;
ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS, FUEL COST RECOVERY
FACTORS, AND CAPACITY COST RECOVERY FACTORS TO BE APPLIED
BEGINNING WITH THE PERIOD OCTOBER 1995 THROUGH MARCH 1996

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"),
by and through its undersigned counsel, hereby petitions this
Commission for approval of the Company's final fuel cost true-up
amounts and GPIF adjustment for the period October 1994 through
March 1995; for approval of its estimated fuel cost true-up
amounts for the period April 1995 through September 1995; for
approval of its projected fuel cost recovery amounts for the
period October 1995 through March 1996; for approval of its final
purchased power capacity cost true-up amounts for the period
October 1994 through March 1995; for approval of its estimated
purchased power capacity cost true-up amounts for the period
April 1995 through September 1995; for approval of its projected
purchased power capacity cost recovery amounts for the period
October 1995 through September 1996; for approval of its

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estimated as-available avoided energy costs for QF's; for approval of GPIF targets and ranges for the period October 1995 through March 1996; for approval of its fuel cost recovery factors to be applied beginning with the period October 1995 through March 1996; and approval of its purchased power capacity cost recovery factors to be applied beginning with the period October 1995 through March 1996.¹

As grounds for the relief requested by this petition, the Company would respectfully show:

FINAL FUEL ADJUSTMENT TRUE-UP

(1) By vote of the Commission at the March 1995 hearings, estimated fuel true-up amounts were approved by the Commission, subject to establishing the final fuel true-up amounts. According to the revised data filed by Gulf for the period ending March 31, 1995, the final fuel true-up amount for the subject six months should be an actual under recovery of \$2,314,849 instead of the estimated under recovery amount of \$577,273 as approved previously by this Commission. The difference between these two amounts, \$1,737,576, is submitted for approval by the Commission to be collected in the next period. The supporting data has been

¹Gulf is herein requesting authority to change the recovery cycle for purposes of the purchased power capacity cost recovery clause from two six-month periods (October through March; April through September) to a twelve month recovery cycle (October through September) with factors to be set annually in August. Data is submitted to support both the traditional six-month factors and the Company's proposed alternative twelve-month factors.

prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost procedures and fairly presents the Company's fuel and purchased energy expenses for the period. Amounts spent by the Company for fuel and purchased energy are reasonable and prudent, and the Company makes every effort to secure the most favorable price for all of the fuel it purchases and for its energy purchases.

GPIF ADJUSTMENT

(2) On May 19, 1995, Gulf filed the testimony and exhibit of G. D. Fontaine containing the Company's actual operating results for the period October 1994 through March 1995. As noted in that testimony, the fuel supply at Plant Daniel during the period was changed in order to achieve lower fuel costs. The new fuel used during the period had a lower heat content and a higher moisture content than the coal supply on which the previously approved heat rate targets had been based. The lower heat content and a higher moisture content of the coal used during the period made the previously established targets an unattainable standard. For this reason, and because the decision to change fuels had been made to achieve lower fuel costs, Gulf has made an adjustment in its results filing that essentially removes the Plant Daniel units from the heat rate results portion. Based on the actual operating results for the period October 1994 through March 1995 as adjusted, Gulf should receive a GPIF reward in the amount of \$98,968. However, due to the adjustments in the heat

rate results for Plant Daniel, Gulf is requesting that the reward/penalty for the period be set at zero dollars. The methodology used by Gulf in determining the various factors required to compute the GPIF is in accordance with the requirements of the Commission.

ESTIMATED FUEL COST TRUE-UP

(3) Gulf has calculated its estimated fuel cost true-up amount for the period April through September 1995. Based on two months actual experience and four months projected data, the Company's estimated fuel cost true-up amount for the current period (April 1995 through September 1995) is \$875,443 under recovery. The supporting data is provided in the testimony and schedules of S. D. Cranmer filed herewith. The estimated fuel cost true-up for the current period is combined with the net final fuel adjustment true-up for the period ending March 31, 1995, to reach the total fuel cost true-up to be addressed in the factors for the next fuel cost recovery period. The proposed levelized fuel factor of 2.210¢/KWH reflects the collection of this total true-up amount, \$2,613,019, during the period of October 1995 through March 1996.

PROJECTED FUEL COST RECOVERY AMOUNTS

(4) Gulf has calculated its projected fuel cost recovery amounts for the months October 1995 through March 1996 for fuel and purchased energy in accordance with the procedures set out in

this Commission's Orders Nos. 6357, 7890, 7501, and 9273 of Docket No. 74680-EI and with the orders entered in this docket. The computations thereof are attached as Schedule E-1 of the exhibit to the testimony of S. D. Cranmer filed herewith. Included within the Company's projected cost recovery is the special contract recovery amount of \$175,432 determined in accordance with this Commission's Order Nos. 19613 and 25148, as shown on Schedule E-12. The supporting data prepared in accordance with the Commission Staff's suggested procedures and format is attached as Schedules E-1 through E-11 and H-1 of the exhibit to the testimony of S. D. Cranmer filed herewith. Said schedules are by reference made a part hereof. The proposed amounts and supporting data have been prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost projection procedures and fairly present the Company's best estimate of fuel and purchased energy expense for the projected period. Amounts projected by the Company for fuel and purchased energy are reasonable and prudent, and the Company continues to make every effort to secure the most favorable price for all of the fuel it purchases and for its purchased energy.

FINAL PURCHASED POWER CAPACITY COST TRUE-UP

(5) By vote of the Commission at the March 1995 hearings, estimated purchased power capacity cost true-up amounts were approved by the Commission, subject to establishing the final purchased power capacity cost true-up amounts. According to the

data filed by Gulf for the period ending March 31, 1995, the final purchased power capacity cost true-up amount for the subject six months should be an actual under recovery of \$136,809 instead of the estimated under recovery amount of \$101,423 as approved previously by this Commission. The difference between these two amounts, \$35,386, is submitted for approval by the Commission to be collected in the next period. The supporting data has been prepared in accordance with the uniform system of accounts and fairly presents the Company's purchased capacity expenses for the period. Amounts spent by the Company for purchased capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP

(6) Gulf has calculated its estimated purchased power capacity cost true-up amount for the period April 1995 through September 1995. Based on two months actual and four months projected data, the Company's estimated capacity cost true-up amount for the current period (April 1995 through September 1995) is \$190,165 over recovery. The estimated capacity cost true-up for the current period is combined with the net final capacity cost true-up for the period ending March 31, 1995, to reach the total capacity cost true-up to be addressed in the factors for the next cost recovery period. The proposed capacity cost recovery factors reflect the refund of this total capacity cost true-up amount, \$154,779, during the period of October 1995 through March 1996.

PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS

(7) Gulf has calculated its projected purchased power capacity cost recovery amounts for the months October 1995 through March 1996 in accordance with the procedures set out in this Commission's Order No. 25773 and Order No. PSC-93-0047-FOF-EI. The proposed traditional six-month factors reflect the recovery of the net capacity cost recovery amount of \$8,295,087 projected for the period October 1995 through March 1996. Gulf has likewise calculated its projected purchased power capacity cost recovery amounts for the months October 1995 through September 1996. Gulf is hereby requesting authority from the Commission to change the recovery cycle for the Company's purchased power capacity cost recovery clause from two consecutive six-month recovery periods to a twelve month recovery period with factors set on an annual basis in August. Gulf's proposed twelve-month factors reflect the recovery of the net capacity cost recovery amount of \$11,772,959 projected for the period October 1995 through September 1996.

The computations and supporting data for the Company's purchased power capacity cost recovery factors are set forth on Schedules CCE-1 (including CCE-1a and CCE-1b), CCE-2, CCE-3 (including CCE-3a and CCE-3b), and CCE-4 attached as part of the exhibit to the testimony of S. D. Cranmer filed herewith. Additional supporting data for the purchased power capacity cost recovery factors is provided in the testimony and exhibits of M. W. Howell also filed herewith. The methodology used by Gulf in

determining the amounts to include in these factors and the allocation to rate classes, based 12/13th on demand and 1/13th on energy, is in accordance with the requirements of the Commission as set forth in Order No. 25773. The amounts included in the factors for the proposed alternative projection periods are based on reasonable projections of the capacity transactions that are expected to occur during the period October 1995 through March 1996 and the period October 1995 through September 1996, respectively.² The proposed factors and supporting data have been prepared in accordance with the uniform system of accounts and fairly present the Company's best estimate of purchased power capacity costs for the projected period. Amounts projected by the Company for purchased capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS

(8) Pursuant to Order 13247 (entered May 1, 1984) in Docket No. 830377-EI and Order No. 19548 (entered June 21, 1988) in Docket No. 880001-EI, Gulf has calculated estimates of as-available avoided energy costs for QF's in accordance with the procedures required in said orders. The resultant costs are

²The Company is specifically seeking authority to implement twelve-month recovery factors for purposes of the purchased power capacity cost recovery clause, in lieu of the traditional six-month recovery factors. Data for the traditional factors as well as the proposed alternative twelve-month recovery factors is submitted herewith in the testimony of S. D. Cranmer and M. W. Howell.

attached to the testimony of S. D. Cranmer as Schedule E-11 and by reference made a part hereof. Gulf Power requests that the Commission approve the estimates for these costs set forth on Schedule E-11.

GPIF TARGETS AND RANGES

(9) Gulf also seeks approval of the GPIF targets and ranges for the period October 1995 through March 1996 set forth below:

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	88.9	4.4	6.7	10,892
Crist 7	44.3	44.3	11.4	10,898
Smith 1	95.9	0.6	3.5	10,144
Smith 2	84.7	13.7	1.6	10,166
Daniel 1	47.4	42.6	10.0	10,295
Daniel 2	80.3	14.2	5.5	10,003

EAF = Equivalent Availability Factor
POF = Planned Outage Factor
EUOF = Equivalent Unplanned Outage Factor

FUEL COST RECOVERY FACTORS

(10) The proposed fuel and purchased energy cost recovery factors, including GPIF and True-Up, herein requested are:

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	K, GS, GSD, SBS, OSIII, OSIV	1.01228	2.237	2.315	2.209
B	LP, SBS	0.98106	2.168	2.244	2.141
C	PX, RTP, SBS	0.96230	2.127	2.201	2.100
D	OSI, OSII	1.01228	2.232	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

CAPACITY COST RECOVERY FACTORS

(11) The proposed purchased power capacity cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS*	CAPACITY COST RECOVERY FACTORS ¢/KWH	
	Traditional Six-Month (Oct-Mar)	Proposed Twelve-Month (Oct-Sept)
RS, RST	.264	.168
GS, GST	.259	.165
GSD, GSDT, SBS	.201	.128
LP, LPT, SBS	.173	.111
PX, PXT, RTP, SBS	.140	.089
OSI, OSII	.017	.011
OSIII	.156	.100
OSIV	.017	.011

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final fuel cost true-up amounts for the period October 1994 through March 1995; the GPIF adjustment for the period October 1994 through March 1995; the estimated fuel cost true-up amounts for the period April 1995 through September 1995; the projected fuel cost recovery amounts for the period October 1995 through March 1996; the final purchased power capacity cost true-up amounts for the period October 1994 through March 1995; the estimated purchased power capacity cost recovery true-up amounts for the period April 1995 through September 1995; the GPIF targets and ranges for the period October 1995 through March 1996; the projected purchased power capacity cost recovery amounts for the period October 1995 through September 1996; the fuel cost recovery factors to be applied beginning with the period October 1995 through March 1996; and the capacity cost recovery factors to be applied beginning with the period October 1995 through September 1996.

Dated the 15th day of June, 1995.

Russell A Badders

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