

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 990001-EI

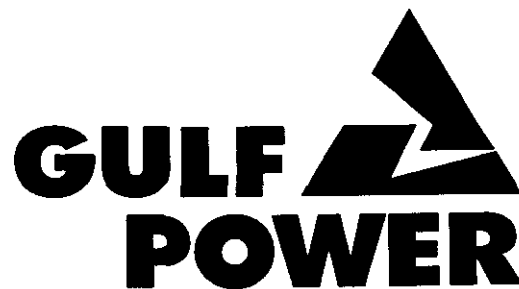
**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
TERRY A. DAVIS**

FINAL TRUE-UP

APRIL – DECEMBER 1998 (Fuel)

OCTOBER 1997 – DECEMBER 1998 (Capacity)

APRIL 1, 1999



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

04203 APR-18

FPSC-REGULATORY AFFAIRS

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Terry A. Davis
5 Docket No. 990001-EI
6 Fuel and Purchased Power Capacity Cost Recovery
7 Date of Filing: April 1, 1999

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 participated in activities related to the cost
5 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 periods of April
22 1998 through September 1998 and October 1998 through
23 December 1998 and the Purchased Power Capacity Cost
24 true-up calculations for the periods of October 1997
25 through September 1998 and October 1998 through December

1 1998 set forth in your exhibit?

2 A. Yes. These documents were prepared under my direction.

3

4 Q. Have you verified that to the best of your knowledge and
5 belief, the information contained in these documents is
6 correct?

7 A. Yes, I have.

8

9 Q. What is the amount to be refunded or collected through
10 the fuel cost recovery factor in the period January 2000
11 through December 2000?

12 A. A net amount to be collected of \$2,450,200 was
13 calculated as shown on Schedule 1, page 1 of my exhibit.
14 This includes \$2,694,132 to be collected for April 1998
15 through September 1998 as shown on page 2 of Schedule 1
16 and \$243,932 to be refunded for October 1998 through
17 December 1998 as shown on page 3 of Schedule 1.

18

19 Q. How were these amounts calculated?

20 A. The \$2,694,132 was calculated by taking the difference
21 in the estimated April 1998 through September 1998
22 under-recovery of \$3,743,611 and the actual under-
23 recovery of \$6,437,743, which is the sum of the Period-
24 to-Date amounts on lines 7 and 8 shown on Schedule A-2,
25 page 2, of the monthly filing for September 1998. The

1 \$243,932 was calculated by taking the difference in the
2 estimated October through December 1998 over-recovery of
3 \$456,058 and the actual over-recovery of \$699,990, which
4 is the sum of lines 7 and 8 shown on Schedule A-2,
5 page 2, Period-to-Date of the monthly filing for
6 December 1998. The estimated true-up amounts for these
7 periods were approved in Order No. PSC-98-1715-FOF-EI
8 dated December 18, 1998. Additional details supporting
9 the approved estimated true-up amounts are included on
10 Schedule E1-A filed October 12, 1998.

11

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

16 A. Schedules CCA-1, CCA-2, and CCA-3 of my exhibit relate
17 to the Purchased Power Capacity Cost true-up calculation
18 for the periods October 1997 through September 1998 and
19 October 1998 through December 1998.

20

21 Q. What is the amount to be refunded or collected in the
22 period January 2000 through December 2000?

23 A. An amount to be refunded of \$81,124 was calculated as
24 shown in Schedule CCA-1, page 1, of my exhibit. This
25 includes \$95,729 to be collected for October 1997

1 through September 1998 as shown on page 2 of Schedule
2 CCA-1 and \$176,853 to be refunded for October 1998
3 through December 1998 as shown on page 3 of Schedule
4 CCA-1.

5
6 Q. How were these amounts calculated?

7 A. The \$95,729 was calculated by taking the difference in
8 the estimated October 1997 through September 1998 under-
9 recovery of \$2,467,419 and the actual under-recovery of
10 \$2,563,148, which is the sum of lines 11 and 12 under
11 the total column of page 1 of Schedule CCA-2. The
12 \$176,853 was calculated by taking the difference in the
13 estimated October through December 1998 under-recovery
14 of \$1,237,526 and the actual under-recovery of
15 \$1,060,673, which is the sum of lines 11 and 12 under
16 the total column of page 2 of Schedule CCA-2. The
17 estimated true-up amounts for these periods were
18 approved in Order No. PSC-98-1715-FOF-EI dated
19 December 18, 1998. Additional details supporting the
20 approved estimated true-up amounts are included on
21 Schedule CCE-1A filed October 12, 1998.

22
23 Q. Please describe Schedules CCA-2 and CCA-3 of your
24 exhibit.

25 A. Schedule CCA-2 page 1 shows the calculation of the

1 actual under-recovery of purchased power capacity costs
2 for the period October 1997 through September 1998 and
3 Schedule CCA-2 page 2 shows the calculation of the
4 under-recovery for the period October 1998 through
5 December 1998. Schedule CCA-3 of my exhibit is the
6 calculation of the interest provision on the under-
7 recoveries. Schedule CCA-3 page 1, reflects the period
8 October 1997 through September 1998; and Schedule CCA-3
9 page 2, reflects the period October 1998 through
10 December 1998. This is the same method of calculating
11 interest that is used in the Fuel and Purchased Power
12 (Energy) Cost Recovery Clause and the Environmental Cost
13 Recovery Clause.

14

15 Q. Ms. Davis, does this complete your testimony?

16 A. Yes, it does.

17

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25

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)


Docket No. 990001-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 31st day of March,
1999.

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 725969

Florida Public Service Commission
Docket No. 990001-EI
GULF POWER COMPANY
Witness: T. A. Davis
Exhibit No. _____ (TAD-1)
Schedule 1
Page 1 of 3

**GULF POWER COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP
April 1998 - December 1998**

1. Estimated over/(under) - recovery for the period
April 1998 - December 1998
(Schedule E1-A approved in Order No.
PSC-98-1715-FOF-EI dated December 18, 1998) (3,287,553)

2. Actual over/(under)-recovery for the period
April 1998 - December 1998
(SEP 1998 & DEC 1998 Schedule A-2, Pg. 2 of 3,
"Period-to-Date", Lines 7 and 8) (5,737,753)

3. Amount to be refunded/(recovered) in the
JANUARY 2000 - DECEMBER 2000
projection period (Line 2 - Line 1) (\$2,450,200)

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GULF POWER COMPANY
Witness: T. A. Davis
Exhibit No. _____ (TAD-1)
Schedule 1
Page 2 of 3

**GULF POWER COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP
April 1998 - September 1998**

1. *Estimated over/(under) - recovery for the period*
April 1998 - September 1998
(Schedule E1-A approved in Order No.
PSC-98-1715-FOF-EI dated December 18, 1998) (3,743,611)

2. *Actual over/(under)-recovery for the period*
April 1998 - September 1998
(SEP 1998 Schedule A-2, Pg. 2 of 3,
"Period-to-Date", Lines 7 and 8) (6,437,743)

3. *Amount to be refunded/(recovered) in the*
JANUARY 2000 - DECEMBER 2000
projection period (Line 2 - Line 1) (\$2,694,132)

Florida Public Service Commission
Docket No. 990001-EI
GULF POWER COMPANY
Witness: T. A. Davis
Exhibit No. _____ (TAD-1)
Schedule 1
Page 3 of 3

**GULF POWER COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP
October 1998 - December 1998**

- | | |
|--|------------------|
| 1. Estimated over/(under) - recovery for the period
October 1998 - December 1998
(Schedule E1-A approved in Order No.
PSC-98-1715-FOF-EI dated December 18, 1998) | 456,058 |
| 2. Actual over/(under)-recovery for the period
October 1998 - December 1998
(DEC 1998 Schedule A-2, Pg. 2 of 3,
"Period-to-Date", Lines 7 and 8) | <u>699,990</u> |
| 3. Amount to be refunded/(recovered) in the
JANUARY 2000 - DECEMBER 2000
projection period (Line 2 - Line 1) | <u>\$243,932</u> |

Florida Public Service Commission
Docket No. 990001-EI
GULF POWER COMPANY
Witness: T. A. Davis
Exhibit No. ____ (TAD -1)
SCHEDULE CCA-1
Page 1 of 3

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
OCTOBER 1997 - DECEMBER 1998**

1. Estimated over/(under)-recovery for the period
OCTOBER 1997 - DECEMBER 1998
(Schedule CCE-1a approved in Order No.
PSC-98-1715-FOF-EI dated December 18, 1998) (3,704,945)

2. Actual over/(under)-recovery for the period
OCTOBER 1997 - DECEMBER 1998
(Schedule CCA-2 Pages 1 & 2 Line 11+12 in the Total column) (3,623,821)

3. Amount to be refunded/(recovered) in the
JANUARY 2000 - DECEMBER 2000 projection period
(Line 2 - Line 1) 81,124

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
OCTOBER 1997 - SEPTEMBER 1998**

1. Estimated over/(under)-recovery for the period
OCTOBER 1997 - SEPTEMBER 1998
(Schedule CCE-1a approved in Order No.
PSC-98-1715-FOF-EI dated December 18, 1998) (2,467,419)

2. Actual over/(under)-recovery for the period
OCTOBER 1997 - SEPTEMBER 1998
(Schedule CCA-2 Page 1 of 2 Line 11+12 in the Total column) (2,563,148)

3. Amount to be refunded/(recovered) in the
JANUARY 2000 - DECEMBER 2000 projection period
(Line 2 - Line 1) (95,729)

Florida Public Service Commission
Docket No. 990001-EI
GULF POWER COMPANY
Witness: T. A. Davis
Exhibit No. ____ (TAD -1)
SCHEDULE CCA-1
Page 3 of 3

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
OCTOBER 1998 - DECEMBER 1998**

1. Estimated over/(under)-recovery for the period
OCTOBER 1998 - DECEMBER 1998
(Schedule CCE-1a approved in Order No.
PSC-98-1715-FOF-EI dated December 18, 1998) (1,237,526)

2. Actual over/(under)-recovery for the period
OCTOBER 1998 - DECEMBER 1998
(Schedule CCA-2 Page 2 of 2 Line 11+12 in the Total column) (1,060,673)

3. Amount to be refunded/(recovered) in the
JANUARY 2000 - DECEMBER 2000 projection period
(Line 2 - Line 1) 176,853

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE PERIOD OCTOBER 1997 - SEPTEMBER 1998**

	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL TOTAL
1. IIC Payments / (Receipts) (\$)	(33,415)	(442,075)	513,640	657,730	512,188	199,724	152,743	300,330	285,148	608,091	519,945	665,067	3,939,116
2. 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
3. Total Capacity Payments/(Receipts) (Line 1 + 2) (\$)	28,787	(379,873)	575,842	719,932	574,390	261,926	214,945	362,532	347,350	670,293	582,147	727,269	4,685,540
4. Jurisdictional %	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890
5. Jurisdictional Capacity Payments / (Receipts) (Line 4) (\$)	27,727	(365,889)	554,644	693,430	553,246	252,284	207,033	349,186	334,564	645,619	560,718	700,498	4,513,060
6. Amount Included in Retail Base Rate Revenues	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,666)	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,666)	(1,652,000)
7. Total Jurisdictional Recovery Amount (Line 5 - 6) (\$)	165,394	(228,222)	692,311	831,097	690,912	389,950	344,700	486,853	472,231	783,286	698,384	838,164	6,165,060
8. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	302,620	273,048	319,053	300,844	267,335	293,673	269,646	368,891	434,861	455,294	442,168	378,864	4,106,297
9. True-Up Provision (\$)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,663)	(523,967)
10. Jurisdictional Capacity Cost Recovery Revenue (Line 8 + 9) (\$)	258,956	229,384	275,389	257,180	223,671	250,009	225,982	325,227	391,197	411,630	398,504	335,201	3,582,330
11. Over/(Under) Recovery (Line 10 - 7) (\$)	93,562	457,606	(416,922)	(573,917)	(467,241)	(139,941)	(118,718)	(161,626)	(81,034)	(371,655)	(299,880)	(502,963)	(2,582,729)
12. Interest Provision (\$)	4,715	6,247	6,703	4,557	2,297	1,119	728	285	(71)	(922)	(2,268)	(3,809)	19,581
13. Beginning Balance True-Up & Interest Provision (\$)	954,488	1,096,429	1,603,946	1,237,391	711,695	290,415	195,257	120,931	3,254	(34,187)	(363,100)	(621,584)	954,488
14. True-Up Collected/(Refunded) (\$)	43,664	43,664	43,664	43,664	43,664	43,664	43,664	43,664	43,664	43,664	43,664	43,663	523,967
15. End Of Period Total Net True-Up (Lines 11 + 12 + 13 + 14) (\$)	1,096,429	1,603,946	1,237,391	711,695	290,415	195,257	120,931	3,254	(34,187)	(363,100)	(621,584)	(1,084,693)	

7

GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE PERIOD OCTOBER 1998 - DECEMBER 1998

	<u>ACTUAL</u> <u>OCTOBER</u>	<u>ACTUAL</u> <u>NOVEMBER</u>	<u>ACTUAL</u> <u>DECEMBER</u>	<u>ACTUAL</u> <u>TOTAL</u>
1. IIC Payments / (Receipts) (\$)	184,067	172,724	272,498	629,289
2. Capacity Payments to Solutia (\$)	<u>62,202</u>	<u>62,202</u>	<u>62,202</u>	<u>186,606</u>
3. Total Capacity Payments/(Receipts) (Line 1 + 2) (\$)	246,269	234,926	334,700	815,895
4. Jurisdictional %	<u>0.9648271</u>	<u>0.9648271</u>	<u>0.9648271</u>	<u>0.9648271</u>
5. Jurisdictional Capacity Payments / (Receipts) (Line 3 x 4) (\$)	237,607	226,663	322,928	787,198
6. Amount Included in Retail Base Rate Revenues (\$)	<u>(137,667)</u>	<u>(137,667)</u>	<u>(137,667)</u>	<u>(413,001)</u>
7. Total Jurisdictional Recovery Amount (Line 5 - 6) (\$)	<u>375,274</u>	<u>364,330</u>	<u>460,595</u>	<u>1,200,199</u>
8. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	321,903	265,662	478,691	1,066,256
9. True-Up Provision (\$)	<u>(303,774)</u>	<u>(303,774)</u>	<u>(303,775)</u>	<u>(911,323)</u>
10. Jurisdictional Capacity Cost Recovery Revenue (Line 8 + 9) (\$)	18,129	(38,112)	174,916	154,933
11. Over/(Under) Recovery (Line 10 - 7) (\$)	(357,145)	(402,442)	(285,679)	(1,045,266)
12. Interest Provision (\$)	(4,779)	(5,265)	(5,363)	(15,407)
13. Beginning Balance True-Up & Interest Provision (\$)	(1,084,693)	(1,142,843)	(1,246,776)	(1,084,693)
14. True-Up Collected/(Refunded) (\$)	<u>303,774</u>	<u>303,774</u>	<u>303,775</u>	<u>911,323</u>
15. End Of Period Total Net True-Up (Lines 11 + 12 + 13 + 14) (\$)	<u>(1,142,843)</u>	<u>(1,246,776)</u>	<u>(1,234,043)</u>	

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
FOR THE PERIOD OCTOBER 1996 - SEPTEMBER 1997**

	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	TOTAL
1. Beginning True-Up Amount (\$)	954,488	1,096,429	1,603,946	1,237,391	711,695	290,415	195,257	120,931	3,254	(34,187)	(363,100)	(621,584)	
2. Ending True-Up Amount Before Interest (\$)	1,091,714	1,597,699	1,230,688	707,136	288,118	194,138	120,203	2,969	(34,116)	(362,178)	(619,316)	(1,080,884)	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	2,046,202	2,694,128	2,834,634	1,944,529	999,813	484,553	315,460	123,900	(30,862)	(396,365)	(982,416)	(1,702,468)	
4. Average True-Up Amount (\$)	1,023,101	1,347,064	1,417,317	972,265	499,907	242,277	157,730	61,950	(15,431)	(198,183)	(491,208)	(851,234)	
5. Interest Rate - First Day of Reporting Business Month	0.055300	0.055300	0.056000	0.057500	0.055000	0.055300	0.055500	0.055300	0.055000	0.056000	0.055600	0.055200	
6. Interest Rate - First Day of Subsequent Business Month	0.055300	0.056000	0.057500	0.055000	0.055300	0.055500	0.055300	0.055000	0.056000	0.055600	0.055200	0.052200	
7. Total Interest Rate (Lines 5 + 6)	0.110600	0.111300	0.113500	0.112500	0.110300	0.110800	0.110800	0.110300	0.111000	0.111600	0.110800	0.107400	
8. Average Interest Rate	0.055300	0.055650	0.056750	0.056250	0.055150	0.055400	0.055400	0.055150	0.055500	0.055800	0.055400	0.053700	
9. Monthly Average Interest Rate (1/12 Of Line 8)	0.004608	0.004638	0.004729	0.004688	0.004596	0.004617	0.004617	0.004596	0.004625	0.004650	0.004617	0.004475	
10. Interest Provision For the Month (Lines 4 X 9) (\$)	4,715	6,247	6,703	4,557	2,297	1,119	728	285	(71)	(922)	(2,268)	(3,809)	19,581

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
FOR THE PERIOD OCTOBER 1998 - December 1998**

	<u>ACTUAL OCTOBER</u>	<u>ACTUAL NOVEMBER</u>	<u>ACTUAL DECEMBER</u>	<u>TOTAL</u>
1. Beginning True-Up Amount (\$)	(1,084,693)	(1,142,843)	(1,246,776)	
2. Ending True-Up Amount Before Interest (\$)	<u>(1,138,064)</u>	<u>(1,241,511)</u>	<u>(1,228,680)</u>	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	<u>(2,222,757)</u>	<u>(2,384,354)</u>	<u>(2,475,456)</u>	
4. Average True-Up Amount (\$)	<u>(1,111,379)</u>	<u>(1,192,177)</u>	<u>(1,237,728)</u>	
5. Interest Rate - First Day of Reporting Business Month	0.052200	0.051000	0.055000	
6. Interest Rate - First Day of Subsequent Business Month	<u>0.051000</u>	<u>0.055000</u>	<u>0.049000</u>	
7. Total Interest Rate (Lines 5 + 6)	<u>0.103200</u>	<u>0.106000</u>	<u>0.104000</u>	
8. Average Interest Rate	0.051600	0.053000	0.052000	
9. Monthly Average Interest Rate (1/12 Of Line 8)	<u>0.004300</u>	<u>0.004417</u>	<u>0.004333</u>	
10. Interest Provision For the Month (Lines 4 X 9) (\$)	<u>(4,779)</u>	<u>(5,265)</u>	<u>(5,363)</u>	<u>(15,407)</u>