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ORIGINAL



June 19, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket Nos. 980001-EI and 980007-EI

Enclosed for official filing in the above docket are an original and ten (10) copies of the Prepared Supplemental Direct Testimony of Susan D. Cranmer.

Sincerely,

Susan D. Cranmer

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

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AFA Jander
APP _____
CAF _____ Enclosures
CMU _____
CTR _____ cc: Beggs and Lane
EAG _____ Jeffrey A. Stone, Esquire
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GPC _____
RCH _____
SEC I
WAS _____
OTH _____

DOCUMENT NUMBER - DATE

06572 JUN 22 88

RECORDS AND REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 980001-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 June 1998 on the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)

Docket No. 980007-EI

Certificate of Service

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this 19th day of June 1998 by U.S. Mail or hand delivery to the following:

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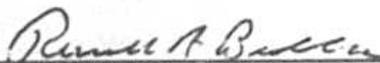
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE

DOCKET NO. 980001-EI

AND

ENVIRONMENTAL COST RECOVERY CLAUSE

DOCKET NO. 980007-EI

PREPARED SUPPLEMENTAL DIRECT TESTIMONY

OF

S. D. CRANMER

OCTOBER 1998 - DECEMBER 1998

JUNE 22, 1998



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

06572 JUN 22 88

FPSC-RECORDS/REPORTING

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GULF POWER COMPANY

Before the Florida Public Service Commission
Prepared Supplemental Direct Testimony of
Susan D. Cranmer
Docket Nos. 980001-EI and 980007-EI

Date of Filing: June 22, 1998

Q. Please state your name, business address and occupation.

A. My name is Susan Cranmer. My business address is One Energy Place, Pensacola, Florida 32520-0780. I hold the position of Assistant Secretary and Assistant Treasurer for Gulf Power Company.

Q. Are you the same Susan D. Cranmer who has filed direct testimony in Dockets 980001-EI and 980007-EI?

A. Yes, I am. My direct testimony in those dockets supports the calculation of the fuel, capacity, and environmental cost recovery factors that would normally be applicable to the period October through December 1998.

Q. What is the purpose of your supplemental direct testimony?

A. The purpose of this supplemental direct testimony is to support Gulf Power's proposal not to implement new cost recovery factors for the period October 1998 through

1 December 1998, which transitions the cost recovery
2 process to an annual, calendar-year basis.

3

4 Q. What factors does Gulf propose for the October through
5 December 1998 period and why?

6 A. Gulf proposes that the fuel, capacity, and environmental
7 factors currently in effect for the recovery period
8 ending September 1998 remain in effect for the period
9 October through December 1998. This provides stability
10 for our customers over a relatively short period of time
11 by changing the cost recovery factors once (in January
12 1999) rather than twice (in October 1998 and January
13 1999) in a three-month period. In total, Gulf's overall
14 fuel, capacity and environmental factors for the October
15 through December 1998 period would increase only about
16 1%. Leaving the factors the same for the three-month
17 period would eliminate customer confusion related to a
18 change in each factor, while leaving the overall bill
19 essentially the same.

20 In addition, the administrative activities required
21 to implement a change in cost recovery factors in
22 October 1998 would be eliminated.

23

24 Q. In your direct testimony in Docket 980001-EI, you stated
25 that the under-recovery of capacity costs is expected to

1 exceed 10% of the capacity costs originally projected
2 for the period October 1997 through September 1998.
3 Based on Gulf's proposal not to implement revised
4 capacity factors in October 1998, will a mid-course
5 correction be appropriate?

6 A. No, a mid-course correction would not be necessary. As
7 I stated above, the sum of the fuel, capacity and
8 environmental factors would remain fairly constant in
9 the October through December 1998 period, with increases
10 in capacity cost recovery amounts (including the
11 expected under-recovery true-up amount) offset by
12 decreases in fuel and environmental cost recovery
13 amounts. Therefore, in order to stabilize the
14 transition to annual, calendar-year factors, a mid-
15 course correction to capacity factors should not be
16 made.

17

18 Q. Does this conclude your supplemental direct testimony?

19 A. Yes.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket Nos. 980001-E!
 and 980007-EI

Before me the undersigned authority, personally appeared Susan D. Cranmer, who being first duly sworn, deposes, and says that she is the Assistant Secretary and Assistant Treasurer 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.

Susan D. Cranmer
Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

Sworn to and subscribed before me this 19th day of June

1998.

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 728888