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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950007-EI

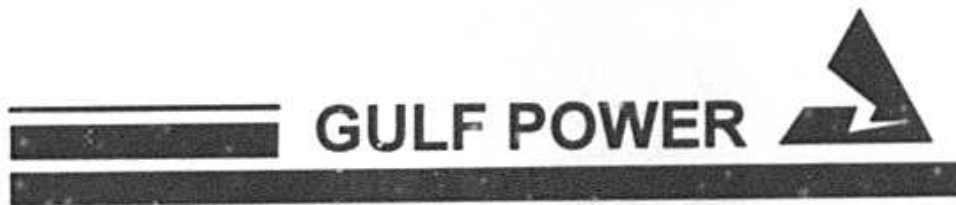
PREPARED DIRECT TESTIMONY
OF

M. L. GILCHRIST

PROJECTED
ENVIRONMENTAL COST RECOVERY CLAUSE

OCTOBER 1995 - MARCH 1996

JUNE 16, 1995



DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 M. L. Gilchrist
5 Docket No. 950007-EI
6 Date of Filing June 16, 1995

7 Q. Please state your name and business address.

8 A. My name is M. L. Gilchrist, and my business address is 500 Bayfront
9 Parkway, Pensacola, Florida, 32520-0328.

10 Q. By whom are you employed and in what capacity?

11 A. I am Manager of Fuel and Environmental Affairs for Gulf Power Company.

12 Q. Mr. Gilchrist, will you please describe your education and experience?

13 A. I graduated from Auburn University in 1958 with a Bachelor of Science
14 Degree in Electrical Engineering. I joined Gulf Power Company in 1961
15 as a Field Engineer. Since then, I have held various positions with the
16 Company, including Power Sales Engineer, Division Sales Supervisor,
17 Division Engineer, Supervisor of Fuel Supply, Assistant Plant Manager at
18 Crist Electric Generating Plant, and Manager of Interchange and Fuel
19 Supply. I was promoted to my present position June 1, 1989.

20 Q. What are your duties as Manager of Fuel and Environmental Affairs?

21 A. I manage the fuel supply and environmental compliance activities of the
22 Company. My responsibilities include fuel procurement, fuel contract
23 administration, and fuel budgeting. In addition, I serve as the Company's
24
25

1 Alternate Designated Representative for the Clean Air Act (CAA) and the
2 Alternate Authorized Account Representative (AAAR) for CAA SO₂
3 emission allowance administration.
4

5 Q. Are you the same Lane Gilchrist who has previously testified before this
6 Commission on various fuel matters?

7 A. Yes.
8

9 Q. Mr. Gilchrist, what is the purpose of your testimony in this docket?

10 A. The purpose of my testimony is to support Gulf Power Company's
11 projection of CAA emission allowances expended during the period
12 October 1, 1995 to March 31, 1996 and to be available to answer any
13 questions that may occur concerning the Company's CAA allowance
14 administration.
15

16 Q. Has the Company included expenditures for emission allowances in its
17 projection for this filing?

18 A. Yes. Phase I of the CAA became effective January 1, 1995, therefore,
19 this projection includes an estimate of the cost of allowances to be
20 expended during the period.
21

22 Q. How is the number of allowances expected to be used projected?

23 A. The same fuel budget model that predicts the coal burn in units affected
24 by CAA Phase I also forecasts the number of tons of sulfur in the coal
25 burned, which is readily converted to tons of SO₂.

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Q. How was the cost of allowances to be expended determined for the forecast?

A. The projected cost of allowances was determined by a method very similar to fuel inventory as specified by FERC procedures. In other words, allowances are held "in stock" at cost and are "issued" at the projected cost of allowances which is based on anticipated allowances granted net of allowance sales, purchases, and transfers.

Q. Did the Company project the purchase or sale of allowances during the forecast period?

A. No. The only transactions projected are the inventory adjustments for allowances surrendered to the EPA for 1995 emissions and the 1996 allowances allocated from the EPA.

Q. Mr. Gilchrist, does this conclude your testimony?

A. Yes.

AFFIDAVIT


STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 950007-EI

Before me the undersigned authority, personally appeared M. L. Gilchrist, who being first duly sworn, deposes, and says that he is the Manager of Fuel and Environmental Affairs 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.


M. L. Gilchrist
Manager of Fuel and Environmental Affairs

Sworn to and subscribed before me this 15th day of June, 1995.


Notary Public, State of Florida at Large

Commission Number:

Commission Expires:

