

Gulf Power Company
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ORIGINAL
FILE COPY

Susan D. Cranmer
Assistant Secretary and
Assistant Treasurer

the southern electric system

June 21, 1996

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:

Enclosed for official filing in Docket No. 960007-EI are an original and fifteen copies of the following:

1. Petition of Gulf Power Company for Approval of Final Environmental Cost Recovery True-up Amounts for October 1995 through March 1996; Estimated Environmental Cost Recovery True-up Amounts for April 1996 through September 1996; Projected Environmental Cost Recovery Amounts for October 1996 through September 1997; and Environmental Cost Recovery Factors to be applied beginning with the period October 1996 through September 1997.
2. Prepared direct testimony of J. O. Vick.
3. Prepared direct testimony and exhibit of S. D. Cranmer.

ACK Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in
AFP 2 WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

APP _____ Sincerely,

CAF _____
CMM _____ *Susan D. Cranmer*

CTC _____
EAG B lw

LEG 1 Enclosures

LIN 3 cc:

Beggs and Lane
Jeffrey A. Stone, Esquire

RCH _____

SEC 1

WAS _____

OTH _____

Petition
DOCUMENT NUMBER-DATE

06716 JUN 24 1996

FPSC-RECORDS/REPORTING

Vick
DOCUMENT NUMBER-DATE

06717 JUN 24 1996

FPSC-RECORDS/REPORTING

Cranmer
DOCUMENT NUMBER-DATE

06718 JUN 24 1996

FPSC-RECORDS/REPORTING

"Our business is customer satisfaction"

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 960007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 21st day of June 1996 by U.S. Mail or hand delivery to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost) Docket No. 960007-EI
Recovery Clause.) Filed: June 24, 1996
_____)

PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR OCTOBER 1995 THROUGH MARCH 1996;
ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR APRIL 1996 THROUGH SEPTEMBER 1996;
PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS
FOR OCTOBER 1996 THROUGH SEPTEMBER 1997;
AND ENVIRONMENTAL COST RECOVERY FACTORS
TO BE APPLIED BEGINNING WITH THE PERIOD
OCTOBER 1996 THROUGH SEPTEMBER 1997

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 environmental cost recovery true-up amounts for the period October 1995 through March 1996; for approval of its estimated environmental cost recovery true-up amounts for the period April 1996 through September 1996; for approval of its projected environmental cost recovery amounts for the period October 1996 through September 1997; and for approval of environmental cost recovery factors to be applied in customer billings beginning with the period October 1996 through September 1997.¹ As grounds for the relief requested by this petition, the Company would respectfully show:

(1) Notices and communications with respect to this petition and docket should be addressed to:

¹Gulf is herein requesting authority to change the recovery cycle for purposes of the environmental 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.

06716-96
6/24/96

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FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP

(2) By vote of the Commission following hearings in August 1995, projected environmental cost recovery amounts were approved by the Commission for the period October 1995 through March 1996, subject to establishing the final environmental cost recovery true-up amounts. According to the data filed by Gulf for the period ending March 31, 1996, the actual environmental cost recovery true-up amount for the period ending March 31, 1996, should be an under recovery of \$(16,649) instead of the estimated over recovery amount of \$669,968 as approved previously by the Commission. The difference between these two amounts, \$686,617, is submitted for approval by the Commission to be refunded in the next period. The supporting data has been prepared in accordance with the uniform system of accounts as applicable to the Company's environmental cost recovery and fairly presents the Company's environmental costs to be considered for recovery through the Environmental Cost Recovery Clause ("ECRC") for the period. The environmental activities and related expenditures reflected in the true-up amounts shown for the period ending March 31, 1996 are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to

Gulf Power Company and therefore, the amounts identified are prudent expenditures which have been incurred for utility purposes.

ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP

(3) Gulf has calculated its estimated environmental cost recovery true-up amounts for the period April 1996 through September 1996. Based on two months actual and four months projected data, the Company's estimated environmental cost recovery true-up amount for the current period (April 1996 through September 1996) is \$399,066 over recovery. The estimated environmental cost recovery true-up for the current period is combined with the net final environmental cost recovery true-up for the period ending March 31, 1996 to reach the total environmental cost recovery true-up to be addressed in the factors for the next cost recovery period. The proposed environmental cost recovery factors reflect the refund of this total environmental cost recovery true-up amount excluding revenue taxes, \$1,085,683, during the next recovery period.

PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS

(4) Gulf has calculated its projected environmental cost recovery amounts for the months October 1996 through September 1997 in accordance with the principles and policies for environmental cost recovery found in §366.8255 of the Florida Statutes and Commission Order No. PSC-93-0044-FOF-EI. The traditional six-month factors reflect the recovery of the net environmental cost recovery amount of \$5,592,988 projected for

the period October 1996 through March 1997.² Gulf has likewise calculated its projected environmental cost recovery amounts for the period October 1996 through September 1997. Gulf is hereby requesting authority from the Commission to change the recovery cycle for the Company's environmental cost recovery clause from two 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 environmental cost recovery amount of \$ 10,901,818 projected for the period October 1996 through September 1997³.

The computations and supporting data for the Company's environmental cost recovery factors are set forth on Schedules attached as part of the exhibit to the testimony of S. D. Cranmer filed herewith. Additional supporting data for the environmental cost recovery factors is provided in the testimony of J. O. Vick also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the allocation to rate classes is in accordance with the requirements of the Commission as set forth in Order No. PSC-94-0044-FOF-EI. The amounts included in the factors for the proposed alternative projection period are based on reasonable projections of the

This amount, \$5,592,988, is before taking into account the total environmental cost recovery true-up identified in paragraph 3 above. Consequently, the figure after taking into account the total true-up including revenue taxes is \$4,579,828.

This amount, \$10,901,818, is before taking into account the total environmental cost recovery true-up identified in paragraph 3 above. Consequently, the figure after taking into account the total true-up including revenue taxes is \$9,974,077.

costs for environmental compliance activities that are expected to be incurred during the period October 1996 through March 1997 and the period October 1996 through September 1997.⁴ 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 environmental compliance costs for the projected period. The activities described in the testimony and exhibits of Mr. Vick are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to Gulf Power Company and the projected costs resulting from the described compliance activities are also reasonable and necessary. Therefore, the costs identified are prudent expenditures which have been or will be incurred for utility purposes and for which the Company should be allowed to recover the associated revenue requirements.

⁴The Company is requesting authority to implement twelve-month recovery factors for purposes of the environmental 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 J.O. Vick.


ENVIRONMENTAL COST RECOVERY FACTORS

(5) The proposed environmental cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS*	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH	
	Traditional Six-Month (Oct-Mar)	Proposed Twelve-Month (Oct-Sept)
RS, RST	0.128	0.124
GS, GST	0.126	0.122
GSD, GSDT	0.112	0.109
LP, LPT	0.106	0.103
PX, PXT, RTP	0.098	0.095
OSI, OSII	0.083	0.081
OSIII	0.103	0.100
OSIV	0.141	0.136
SBS	0.106	0.103

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final environmental cost recovery true-up amounts for the period October 1995 through March 1996; the estimated environmental cost recovery true-up amounts for the period April 1996 through September 1996; the projected environmental cost recovery amounts for the period October 1996 through September 1997; and the environmental cost recovery factors to be applied in customer billings beginning with the period October 1996 through September 1997.

Respectfully submitted the 21st day of June, 1996.



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