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Pensacola, Florida 32520

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ORIGINAL



April 9, 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 No. 980366-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Notice of Intent to Request Confidential Classification.

Sincerely,

Susan D. Cranmer  
Assistant Secretary and Assistant Treasurer

lw

ACK \_\_\_\_\_ Enclosures  
AFA \_\_\_\_\_  
APP \_\_\_\_\_ cc: Beggs and Lane  
CAF \_\_\_\_\_ Jeffrey A. Stone, Esquire  
CMU \_\_\_\_\_ Florida Public Service Commission  
CTR \_\_\_\_\_ Patricia S. Lee  
EAG \_\_\_\_\_

This Notice of Intent was filed with Confidential Document No. 04118-98. The document has been placed in the confidential files pending receipt of a request for confidential treatment.

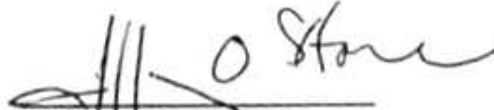
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private. A formal request for confidential classification will be filed within the time period specified in Rule 25-22.006(3)(a), Florida Administrative Code, if the staff determines that the information will be retained by the Commission and not returned to Gulf within the specified time period.

Respectfully submitted this 9th day of April, 1998.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**Beggs & Lane**

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**Attorneys for Gulf Power Company**

Commissioners:  
JULIA L. JOHNSON, CHAIRMAN  
J. TERRY DEASON  
SUSAN F. CLARK  
JOE GARCIA  
E. LEON JACOBS, JR.



TIMOTHY DEVLIN, DIRECTOR  
AUDITING & FINANCIAL ANALYSIS  
(850) 413-6480

## Public Service Commission

March 27, 1998

Ms. Susan D. Cranmer  
Gulf Power Company  
Post Office Box 13470  
Pensacola, Florida 32591-3470

Re: Docket No. 980366-EI

Dear Ms. Cranmer:


Gulf Power Company's request for amortization of its investment in a cogeneration facility located in Pace, Florida, is under review. Staff would like to understand more about this facility and the role it will play in Gulf's provision of electric service for the community served.

Attached are several questions from staff concerning Gulf's request. Please provide the Company's responses, and any other information which would help the Commission evaluate the request, by April 10, 1998. This should allow staff to file a recommendation for the Commission's consideration at its May 19, 1998, Agenda Conference.

Please be advised that the Recommendation or Commission action in this docket should not be regarded as a review or judgment concerning the prudence of the associated capital investment.

We appreciate your cooperation in providing the requested information.

Sincerely,

  
Patricia S. Lee  
US/C Engineer Supervisor

PSL/JS/frp  
Attachment

cc: Division of Records and Reporting  
Division of Legal Services (C. Keating)  
Division of Electric and Gas (Bohrmann, Colson)  
Division of Auditing and Financial Analysis (Sickel)

Ms. Susan D. Cranmer  
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7. Staff would like to understand Gulf's responsibilities for anticipated expenditures relating to this site, including capital, operating, and maintenance. In particular, what are Gulf's anticipated responsibilities relating to:
  - a. Purchase of fuel?
  - b. Normal (non-fuel) operating costs?
  - c. Equipment maintenance?
  - d. Equipment replacement?
  - e. Facility dismantlement?

#### OPERATIONAL QUESTIONS

8. How will Gulf price the electricity and steam from this cogeneration facility?
9. Please provide copies of all contracts for sale of energy from this facility.
10. What is the cost/kw for this facility?
11. How does the price of this cogeneration facility compare to Gulf's avoided cost?
12. If the cost/kw(provided in response to number 10 above) is higher than Gulf's avoided cost, please explain how purchasing this facility will provide a greater benefit to Gulf's ratepayers than other options, including conservation.
13. How will Gulf book the revenues from the sale of steam from this facility?
14. What tariff rate will Gulf use to sell electricity to the steam user?
15. How will this cogeneration facility be dispatched? Will economics determine how it will run, or will there be "must run" periods in order for Gulf to supply steam?