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Pensacola, Florida 32520

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October 25, 2000

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. 000001-EI

Enclosed are an original and ten copies of the Prehearing Statement of Gulf Power Company in the above docket.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Statement in WordPerfect for Windows 8.0 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

- APP _____
- CAF _____
- CMP _____
- COM 3
- CTR _____
- ECR _____
- LEG 1
- OPC _____
- PAI _____
- RCO U. A. Duvet
- SEC 1
- SER B. Berman
- OTH _____

lw

cc: Beggs and Lane
Jeffrey A. Stone

DOCUMENT NUMBER-DATE

13762 OCT 26 8

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clauses and Generating)
Performance Incentive Factor)
)
_____)

Docket No. 000001-EI
Date Filed: October 26, 2000

PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company, (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned attorneys, and pursuant to Rule 25-22.038(3), Florida Administrative Code, files this prehearing statement, saying:

A. APPEARANCES:

JEFFREY A. STONE, Esquire, and RUSSELL A. BADDERS,
Esquire, of Beggs & Lane, 700 Blount Building, 3 West Garden
Street, P.O. Box 12950, Pensacola, FL 32576-2950
On behalf of Gulf Power Company.

DOCUMENT NUMBER-DATE

13762 OCT 26 8

FPSC-RECORDS/REPORTING

B. WITNESSES: All witnesses known at this time, who may be called by Gulf Power Company, along with the subject matter and issue numbers which will be covered by the witness' testimony, are as follows:

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
	<u>(Direct)</u>		
1.	M. F. Oaks (Gulf)	Fuel Adjustment, true-up and projections	1, 2, 4
2.	T. A. Davis (Gulf)	Fuel Adjustment, true-up and projections	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 16, 17, 18, 19, 20, 21
3.	J.R. Douglas (Gulf)	GPIF, reward/penalty and targets and ranges	14, 15
4.	M. W. Howell (Gulf)	Purchased Power -- energy and capacity purchases and sales, projections	1, 2, 4, 9, 10, 16, 17, 19

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (MFO-1)	Oaks	Coal Suppliers January 1999 - December 1999
_____ (MFO-2)	Oaks	Projected vs. actual fuel cost of generated power March 1991 - December 2001
_____ (TAD-1)	Davis	Calculation of Final True-Up for Fuel and Capacity January 1999 - December 1999
_____ (TAD-2)	Davis	Calculation of Estimated True-Up for Fuel and Capacity January 2000 - December 2000
_____ (TAD-3)	Davis	Calculation of Projected Cost for Fuel and Capacity January 2001 - December 2001
_____ (JRD-1)	Douglas	Gulf Power Company GPIF Results January 1999 - December 1999
_____ (JRD-2)	Douglas	Gulf Power Company GPIF Targets and Ranges January 2001 - December 2001
_____ (MWH-1)	Howell	Gulf Power Company Projected Purchased Power Contract Transactions January 2001 - December 2001

D. STATEMENT OF BASIC POSITION:

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the proposed fuel factors present the best estimate of Gulf's fuel expense for the period January 2001 through December 2001 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS:

Generic Fuel Adjustment Issues

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period January 1999 through December 1999?

GULF: Over recovery \$4,015,661. (Oaks, Howell, Davis)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period January 2000 through December 2000?

GULF: Under recovery \$8,668,391. (Oaks, Howell, Davis)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected/refunded from January, 2001 to December, 2001?

GULF: Under recovery \$4,652,730. (Davis)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January, 2001 to December, 2001?

GULF: 1.820¢/KWH. (Oaks, Howell, Davis)

ISSUE 5: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

GULF: The factors should be effective beginning with the specified billing cycle and thereafter for the period January, 2001 through December, 2001. Billing cycles may start before January 1, 2001 and the last cycle may be read after December 31, 2001 so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Davis)

ISSUE 6: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

GULF: See table below: (Davis)

Group	Rate Schedules	Line Loss Multipliers
A	RS, GS, GSD, SBS, OSIII, OSIV	1.01228
B	LP, SBS	0.98106
C	PX, RTP, SBS,	0.96230
D	OSI, OSII	1.01228

ISSUE 7: What are the appropriate Fuel Cost Recovery Factors for each rate class/delivery voltage level class adjusted for line losses?

GULF: See table below: (Davis)

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, RSVP, GS, GSD, SBS, OSIII, OSIV	1.842	2.361	1.622
B	LP, SBS	1.786	2.289	1.572
C	PX, RTP, SBS	1.751	2.245	1.542
D	OSI, OSII	1.808	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

ISSUE 8: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of January, 2001 to December, 2001?

Gulf: 1.01597. (Davis)

ISSUE 9: How should the Commission's decision as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, concerning the application of incentives to wholesale energy sales, be implemented?

GULF: Gulf agrees with the method proposed by Commission Staff in its letter dated September 20, 2000.(Davis, Howell)

ISSUE 10: What is the appropriate estimated benchmark level for calendar year 2001 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, for each investor-owned electric utility?

GULF: \$830,181. (Davis, Howell)

Company-Specific Fuel Adjustment Issues

NONE RAISED BY GULF POWER COMPANY

Generic Generating Performance Incentive Factor Issues

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved by Gulf Power Company during the period January, 1999 through December, 1999?

GULF: \$183,842 reward. (Douglas)

ISSUE 15: What should the GPIF targets/ranges be for the period January, 2001 through December, 2001?

GULF: See table below: (Douglas)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	78.1	17.8	4.1	10,502
Crist 7	76.4	14.0	9.6	10,184
Smith 1	88.7	8.8	2.5	10,113
Smith 2	87.5	8.8	3.7	10,058
Daniel 1	74.5	16.4	9.0	10,075
Daniel 2	75.2	16.2	8.7	9,872

EAF = Equivalent Availability Factor
POF = Planned Outage Factor
EUOF = Equivalent Unplanned Outage Factor

Company-Specific GPIF Issues

NONE RAISED BY GULF POWER COMPANY

Generic Capacity Cost Recovery Factor Issues

ISSUE 16: What is the final purchased power capacity cost recovery true-up amount for the period January, 1999 through December, 1999?

GULF: Over recovery of \$884,622. (Howell, Davis)

ISSUE 17: What is the estimated purchased power capacity cost recovery true-up amount for the period January, 2000 through December, 2000?

GULF: Under recovery of \$331,059. (Howell, Davis)

ISSUE 18: What is the total capacity cost recovery true-up amount to be collected/refunded during the period January, 2001 through December, 2001?

GULF: Refund of \$553,563. (Davis)

ISSUE 19: What is the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period January, 2001 through December, 2001?

GULF: \$17,867,016. (Howell, Davis)

ISSUE 20: What is the appropriate jurisdictional separation factor for capacity revenues and costs to be included in the recovery factor for the period January, 2001 through December, 2001?

GULF: 0.9650747 (Davis)

ISSUE 21: What are the appropriate capacity cost recovery factors for the period January, 2001 through December, 2001?

GULF: See table below: (Davis)

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RST, RSVP	.208
GS, GST	.206
GSD, GSDT	.160
LP, LPT	.140
PX, PXT, RTP, SBS	.120
OSI, OSII	.025
OSIII	.126
OSIV	.058

Company-Specific Capacity Cost Recovery Issues

NONE RAISED AS TO GULF POWER COMPANY

F. STIPULATED ISSUES

GULF: Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

G. PENDING MOTIONS:

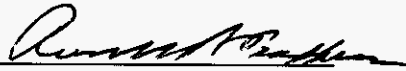
GULF: NONE.

H. OTHER MATTERS:

GULF: To the best knowledge of counsel, Gulf has complied, or is able to comply, with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearings set for November 20-22, 2000, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this ^{25th} day of October, 2000.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 000001-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 25th day of October 2000 on the following:

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