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COMMISSION  
CLERK



September 21, 2007

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Dear Ms. Cole:

RE: Docket No. 070001-EI

Enclosed are an original and fifteen copies of the Preliminary Statement of Gulf Power Company Regarding Issues and Positions to be filed in the above docket. Also enclosed is the Preliminary Statement of Gulf Power Company Regarding Issues and Positions in Microsoft Word for Windows format as prepared on a Windows NT based computer.

Sincerely,

CMP \_\_\_\_\_ *Susan D. Ritenour*  
COM \_\_\_\_\_ *buh*

CTR \_\_\_\_\_

ECR \_\_\_\_\_ *bh*

GCL 2 *(cc)*  
Enclosure

OPC \_\_\_\_\_

RCA 1 cc w/encl.: Beggs & Lane  
J. A. Stone, Esq.

SCR \_\_\_\_\_

SGA \_\_\_\_\_

SEC \_\_\_\_\_

OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

08740 SEP 24 5

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 070001-EI  
Filed: September 21, 2007

**PRELIMINARY STATEMENT OF GULF POWER COMPANY**  
**REGARDING ISSUES AND POSITIONS**

Gulf Power Company, ("Gulf Power", "Gulf", or "the "Company"), by and through its undersigned attorneys, hereby files this preliminary statement of issues and positions, saying:

**Generic Fuel Adjustment Issues**

**ISSUE 1:** What are the appropriate fuel adjustment true-up amounts for the period January 2006 through December 2006?

**GULF:** Under recovery \$30,800,849. (Ball, Martin)

**ISSUE 2:** What are the appropriate fuel adjustment true-up amounts for the period January 2007 through December 2007?

**GULF:** Under recovery \$12,525,950. (Ball, Martin)

**ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2008 to December 2008?

**GULF:** Collection of \$43,326,799. (Martin)

**ISSUE 4:** What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2008 through December 2008?

**GULF:** 1.00072. (Martin)

**ISSUE 5:** What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2008 through December 2008?

**GULF:** \$462,344,509. (Martin)

**ISSUE 6:** What are the appropriate levelized fuel cost recovery factors for the period January 2008 through December 2008?

**GULF:** 3.954 cents/kWh. (Martin)

**ISSUE 7:** 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: (Martin)

<b>Group</b>	<b>Rate Schedules</b>	<b>Line Loss Multipliers</b>
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00526
B	LP, LPT, SBS(2)	0.98890
C	PX, PXT, RTP, SBS(3)	0.98063
D	OSI/II	1.00529

(1) Includes SBS customers with a contract demand in the range of 100 to 499 KW

(2) Includes SBS customers with a contract demand in the range of 500 to 7,499 KW

(3) Includes SBS customers with a contract demand over 7,499 KW

**ISSUE 8:** What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

**GULF:** See table below: (Martin)

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00526	3.975	4.458	3.777
B	LP, LPT, SBS(2)	0.98890	3.910	4.386	3.716
C	PX, PXT, RTP, SBS(3)	0.98063	3.877	4.349	3.685
D	OSI/II	1.00529	3.952	N/A	N/A

\*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) 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 (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

**ISSUE 9:** What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

**GULF:** The new fuel and capacity factors should be effective beginning with the first billing cycle for January 2008 and thereafter through the last billing cycle for

December 2008. The first billing cycle may start before January 1, 2008, and the last cycle may be read after December 31, 2008, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

**ISSUE 10:** What are the appropriate actual benchmark levels for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**GULF:** \$3,395,987. (Martin, Ball)

**ISSUE 11:** What are the appropriate estimated benchmark levels for calendar year 2008 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**GULF:** \$3,489,256. A correction was made in the calculation of the benchmark level since the filing of Gulf's projection testimony; therefore, this amount is different from the amount reported on page 5 of Ms. Martin's direct testimony filed on September 4, 2007. (Martin, Ball)

#### **Company-Specific Fuel Adjustment Issues**

NONE RAISED BY GULF POWER COMPANY

#### **Generic Generating Performance Incentive Factor Issues**

**ISSUE 17:** What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2006 through December 2006?

**GULF:** \$205,097 penalty. (Noack)

**ISSUE 18:** What should the GPIF targets/ranges be for the period January 2008 through December 2008?

**GULF:** See table below: (Noack)

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	78.9	19.7	1.4	10,696
Crist 5	89.0	8.2	2.8	10,552
Crist 6	84.9	8.2	6.9	10,365
Crist 7	82.1	8.2	9.7	10,375
Smith 1	97.0	0.0	3.0	10,238
Smith 2	83.9	8.2	7.9	10,314
Daniel 1	93.8	2.5	3.8	10,132
Daniel 2	77.6	19.1	3.2	10,016
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 Issues**

**ISSUE 23:** What are the appropriate capacity cost recovery true-up amounts for the period January 2006 through December 2006?

**GULF:** Over recovery of \$458,084. (Ball, Martin)

**ISSUE 24:** What are the appropriate capacity cost recovery true-up amounts for the period January 2007 through December 2007?

**GULF:** Over recovery of \$1,635,509. (Ball, Martin)

**ISSUE 25:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2008 through December 2008?

**GULF:** Refund of \$2,093,593. (Martin)

**ISSUE 26:** What are the appropriate projected net purchased power capacity cost amounts to be included in the recovery factor for the period January 2008 through December 2008?

**GULF:** \$26,894,321. (Ball, Martin)

**ISSUE 27:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2008 through December 2008?

**GULF:** 96.42160%. (Ball, Martin)

**ISSUE 28:** What are the appropriate capacity cost recovery factors for the period January, 2008 through December 2008?

**GULF:** See table below: (Martin)

<b>RATE CLASS</b>	<b>CAPACITY COST RECOVERY FACTORS ¢/KWH</b>
RS, RSVP	0.271
GS	0.248
GSD, GSDT, GSTOU	0.212
LP, LPT	0.183
PX, PXT, RTP, SBS	0.154
OS-I/II	0.063
OSIII	0.165

**Company-Specific Capacity Cost Recovery Issues**

NONE RAISED BY GULF POWER COMPANY

Respectfully submitted this 21st day of September, 2007.



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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.: **070001-EI**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 21<sup>st</sup> day of September, 2007, on the following:

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