

Gulf Power Company
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Jack L. Haskins
Manager of Rates and Regulatory Matters
and Assistant Secretary

The Southern Bell Telephone and Telegraph Company

July 11, 1995

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. 950001-EI

ACK _____
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APP _____
LAF _____
CMT _____
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Enclosed for official filing are an original and fifteen copies of the Prehearing Statement of Gulf Power Company to be filed in the above referenced docket.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Statement in WordPerfect for Windows 6.0a format as prepared on a MS-DOS based computer.

Sincerely,

Jack L. Haskins

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

DOCUMENT NUMBER-DATE
06605 JUL 12 85
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clauses and) Docket No. 950001-EI
Generating Performance Incentive) Filed: July 12, 1995
Factor)
_____)

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.

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>Issues¹</u>
<u>(Direct)</u>		
1. M. L. Gilchrist (Gulf)	Fuel Adjustment, true-up and projections	1, 2, 4
2. M. W. Howell (Gulf)	Purchased Power -- energy and capacity transactions, true-up and projections	1, 2, 4, 18, 19, 21, 23
3. S. D. Cranmer (Gulf)	Fuel Adjustment, true-up and projections; capacity costs, true-up and projections	1, 2, 3, 4, 5, 6, 7, 18, 19, 20, 21, 22, 23
4. G. D. Fontaine (Gulf)	GPIF, reward/penalty and targets and ranges	11, 12

¹The numerical references to the generic issues follow the numbering scheme for the issues as set forth in the Prehearing Order for the March cost recovery hearings in this docket, Order No. PSC-95-0321-PHO-EI. Gulf has raised a company-specific issue in connection with the capacity cost recovery clause and for purposes of this document labeled that issue as No. 23.

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (MLG-1)	Gilchrist	Gulf Power Company Coal Suppliers Oct. '94 - March '95
_____ (MLG-2)	Gilchrist	Gulf Power Company -- Projected vs. Actual Fuel of Generated Power
_____ (MWH-1)	Howell	Gulf Power Company -- Projected Purchased Power Capacity Transactions Oct. '95 - Sept. '96
_____ (SDC-1)	Cranmer	Calculation of fuel cost recovery final true-up, 10/94 through 3/95; Calculation of capacity cost recovery final true-up, 10/94 through 3/95; Calculation capacity cost recovery true-up and interest provision, 10/94 through 3/95; Calculation capacity cost recovery interest provision, 10/94 through 3/95
_____ (SDC-2)	Cranmer	Schedules E-1 through E-12; H-1; CCE-1; CCE-2; CCE-3; CCE-4; A-1 through A-12 for Dec. '94 - May '95
_____ (GDF-1)	Fontaine	Gulf Power Company GPIF Results Oct. '94 - March '95
_____ (GDF-2)	Fontaine	Gulf Power Company GPIF Targets and Ranges Oct. '95 - March '96

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 and capacity cost recovery factors present the best estimate of Gulf's fuel and purchased power expense (both energy and capacity) for the period October 1995 through March 1996 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 October, 1994 through March, 1995?

GULF: Under recovery \$1,737,576. (Gilchrist, Howell, Cranmer)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period April, 1995 through September, 1995?

GULF: Under recovery \$875,443. (Gilchrist, Howell, Cranmer)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period October, 1995 through March, 1995?

GULF: Under recovery \$2,613,019. (Cranmer)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period October, 1995 through March, 1996?

GULF: 2.210¢/KWH. (Gilchrist, Howell, Cranmer)

ISSUE 5: What should be the effective date of the new fuel adjustment charge, oil backout 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 October 1995 through March 1996. Billing cycles may start before October 1, 1995 and the last cycle may be read after March 31, 1996 so that each customer is billed for six months regardless of when the adjustment factor became effective.

If Gulf's request for authority to implement annual capacity cost recovery factors is approved, the new capacity cost recovery charge should be effective beginning with the specified billing cycle and thereafter for the period October 1995 through September 1996. Billing cycles may start before October 1, 1995 and the last cycle may be read after September 30, 1996 so that each customer is billed for twelve months regardless of when the capacity cost recovery factor became effective.

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

GULF: See table below: (Cranmer)

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 group adjusted for line losses?

GULF: See table below: (Cranmer)

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, SBS, OSIII, OSIV	2.237	2.315	2.209
B	LP, SBS	2.168	2.244	2.141
C	PX, RTP, SBS	2.127	2.201	2.100
D	OSI, OSII	2.232	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.

Company-Specific Fuel Adjustment Issues

Gulf Power Company

NO COMPANY-SPECIFIC ISSUES WITH REGARD TO GULF POWER COMPANY HAVE BEEN RAISED IN THE PRELIMINARY LIST OF ISSUES AND POSITIONS SUBMITTED BY ANY PARTY

Generic Generating Performance Incentive Factor Issues

ISSUE 11: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1994 through March, 1995?

GULF: No reward or penalty. (Fontaine)

ISSUE 12: What should the GPIF targets/ranges be for the period October, 1994 through March, 1995?

GULF: See table below: (Fontaine)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	88.9	4.4	6.7	10,892
Crist 7	44.3	44.3	11.4	10,898
Smith 1	95.9	0.6	3.5	10,144
Smith 2	84.7	13.7	1.6	10,166
Daniel 1	47.4	42.6	10.0	10,295
Daniel 2	80.3	14.2	5.5	10,003

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

Company-Specific GPIF Issues

Gulf Power Company

NO COMPANY-SPECIFIC ISSUES WITH REGARD TO GULF POWER COMPANY HAVE BEEN RAISED IN THE PRELIMINARY LIST OF ISSUES AND POSITIONS SUBMITTED BY ANY PARTY

Generic Capacity Cost Recovery Issues

ISSUE 18: What is the appropriate final capacity cost recovery true-up amount for the period October, 1994 through March, 1995?

GULF: Under recovery \$35,386. (Howell, Cranmer)

ISSUE 19: What is the estimated capacity cost recovery true-up amount for the period April, 1995 through September, 1995?

GULF: Over recovery \$190,165. (Howell, Cranmer)

ISSUE 20: What is the total capacity cost recovery true-up amount to be collected during the period October, 1995 through March, 1996?

GULF: Over recovery \$154,779. (Cranmer)

ISSUE 21: What is the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period October, 1995 through March, 1996?

GULF: \$8,271,286. If Gulf's request for authority to implement annual capacity cost recovery factors is approved, the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period October, 1995 through September 1996 would be \$11,805,117. (Howell, Cranmer)

ISSUE 22: What are the appropriate capacity cost recovery factors for the period October, 1994 through March, 1995?

GULF: See table below: (Cranmer)

RATE CLASS*	CAPACITY COST RECOVERY FACTORS ¢/KWH	
	Traditional Six-Month (October-March)	Proposed Twelve-Month (October-September)
RS, RST	.264	.168
GS, GST	.259	.165
GSD, GSDT, SBS	.201	.128
LP, LPT, SBS	.173	.111
PX, PXT, RTP, SBS	.140	.089
OSI, OSII	.017	.011
OSIII	.156	.100
OSIV	.017	.011

*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.

Company-Specific Capacity Cost Recovery Issues

Gulf Power Company

ISSUE 23: Is it reasonable and appropriate for Gulf Power Company to change the cycle for setting the purchased power capacity cost recovery factors from two sets of six-month factors (October-March; April-September) to one set of twelve-month factors (October-September)?

GULF: Yes. The nature of Gulf's purchased power capacity costs recovered through the capacity cost recovery factors, in conjunction with Gulf's seasonal differences in energy (kWh) sales, is such that the current six-month recovery cycle causes a major difference in the recovery factors between the April-September and the October-March recovery periods. Gulf's capacity costs and kWh sales do not vary as widely from year to year as they do from one of the current six-month recovery periods to the next. By changing the recovery cycle to one set of twelve-month factors established on an annual basis, Gulf's customers will benefit because the resulting factors will be levelized over the year. (Howell, Cranmer)

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 August 9-11, 1995, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 11th day of July, 1995.

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. 950001-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 11th day of July 1995 on the following:

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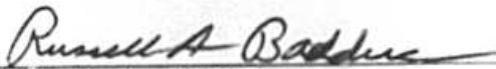
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