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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. 960001-EI are an original and fifteen copies of the following:

1. Petition of Gulf Power Company for Approval of Final Fuel Cost True-up Amounts and GPIF Adjustment for October 1995 through March 1996; Estimated Fuel Cost True-up Amounts for April 1996 through September 1996; Projected Fuel Cost Recovery Amounts for October 1996 through March 1997; Final Purchased Power Capacity Cost True-up Amounts for April 1995 through September 1995; Estimated Purchased Power Capacity Cost True-up Amounts for October 1995 through September 1996; Projected Purchased Power Capacity Cost Recovery Amounts for October 1996 through September 1997; GPIF Targets and Ranges for October 1996 through March 1997; Estimated As-available Avoided Energy Costs, and Fuel Cost Recovery Factors to be applied beginning with the period October 1996 through March 1997; and Capacity Cost Recovery Factors to be applied beginning with the period October 1996 through September 1997.
2. Prepared direct testimony and exhibit of M. F. Oaks.
3. Prepared direct testimony and exhibit of G. D. Fontaine.
4. Prepared direct testimony and exhibit of M. W. Howell.
5. Prepared direct testimony and exhibit of S. D. Cranmer.

ACK _____
 AFA 2
 APP _____
 CAF _____
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 LIN 3
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RECEIVED & FILED
 JUNE 24 1996
 TALLAHASSEE, FLORIDA
 RECEIVED
 DOCUMENT NUMBER-DATE
 Cranmer 06725 JUN 24 96
 Howell 06724 JUN 24 96
 FPSC-RECORDS/REPORTING

Petition
 DOCUMENT NUMBER-DATE
 06721 JUN 24 96
 FPSC-RECORDS/REPORTING

Oaks
 DOCUMENT NUMBER-DATE
 06722 JUN 24 96
 "Our business is customer satisfaction"
 FPSC-RECORDS/REPORTING

Fontaine
 DOCUMENT NUMBER-DATE
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Susan D. Cranmer

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In addition to the schedules attached to the testimony, enclosed is one copy for the hearing record of Schedules A1 through A9 previously filed with the Commission for the months of December 1995, January, February, March, April, and May 1996. These schedules are identified as part of Ms. Cranmer's composite exhibit SDC-2.

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

Sincerely,



lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 960001-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 21st day of June 1996 on the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clauses and) Docket No. 960001-EI
Generating Performance) Filed: June 24, 1996
Incentive Factor)
_____)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL FUEL COST TRUE-UP AMOUNTS AND GPIF ADJUSTMENT
FOR OCTOBER 1995 THROUGH MARCH 1996;
ESTIMATED FUEL COST TRUE-UP AMOUNTS
FOR APRIL 1996 THROUGH SEPTEMBER 1996;
PROJECTED FUEL COST RECOVERY AMOUNTS
FOR OCTOBER 1996 THROUGH MARCH 1997;
FINAL PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR APRIL 1995 THROUGH SEPTEMBER 1995;
ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR OCTOBER 1995 THROUGH SEPTEMBER 1996;
PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS
FOR OCTOBER 1996 THROUGH SEPTEMBER 1997;
GPIF TARGETS AND RANGES FOR OCTOBER 1996 THROUGH MARCH 1997;
ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS AND FUEL COST
RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE PERIOD
OCTOBER 1996 THROUGH MARCH 1997; CAPACITY 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 fuel cost true-up amounts and GPIF adjustment for the period October 1995 through March 1996, for approval of its estimated fuel cost true-up amounts for the period April 1996 through September 1996, for approval of its projected fuel cost recovery amounts for the period October 1996 through March 1997, for approval of its final purchased power capacity cost true-up amounts for the period April 1995 through September 1995, for approval of its estimated purchased power capacity cost true-up amounts for the period October 1995 through September 1996, for approval of its projected purchased power capacity cost recovery amounts for the period October 1996

DOCUMENT NUMBER-DATE

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Amounts spent by the Company for fuel and purchased energy are reasonable and prudent, and the Company makes every effort to secure the most favorable price for all of the fuel it purchases and for its energy purchases.

GPIF ADJUSTMENT

(3) On May 19, 1996, Gulf filed the testimony and exhibit of G. D. Fontaine containing the Company's actual operating results for the period October 1995 through March 1996. Based on the actual operating results for the period October 1995 through March 1996 as adjusted, Gulf should receive a GPIF penalty in the amount of \$44,234. The methodology used by Gulf in determining the various factors required to compute the GPIF is in accordance with the requirements of the Commission.

ESTIMATED FUEL COST TRUE-UP

(4) Gulf has calculated its estimated fuel cost true-up amount for the period April through September 1996. Based on two months actual experience and four months projected data, the Company's estimated fuel cost true-up amount for the current period (April 1996 through September 1996) is \$2,727,188 under recovery. The supporting data is provided in the testimony and schedules of S. D. Cranmer filed herewith. The estimated fuel cost true-up for the current period is combined with the net final fuel adjustment true-up for the period ending March 31, 1996, to reach the total fuel cost true-up to be addressed in the factors for the next fuel cost recovery period. The proposed levelized fuel factor of 2.317¢/KWH reflects the collection of this total true-up amount, \$10,018,778, during the period of October 1996 through March 1997.

PROJECTED FUEL COST RECOVERY AMOUNTS

(5) Gulf has calculated its projected fuel cost recovery amounts for the months October 1996 through March 1997 for fuel and purchased energy in accordance with the procedures set out in this Commission's Orders Nos. 6357, 7890, 7501, and 9273 of Docket No. 74680-EI and with the orders entered in this docket. The computations thereof are attached as Schedule E-1 of the exhibit to the testimony of S. D. Cranmer filed herewith. Included within the Company's projected cost recovery is the special contract recovery amount of \$123,125 determined in accordance with this Commission's Order Nos. 19613 and 25148, as shown on Schedule E-12. The supporting data prepared in accordance with the Commission Staff's suggested procedures and format is attached as Schedules E-1 through E-11 and H-1 of the exhibit to the testimony of S. D. Cranmer filed herewith. Said schedules are by reference made a part hereof. The proposed amounts and supporting data have been prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost projection procedures and fairly present the Company's best estimate of fuel and purchased energy expense for the projected period. Amounts projected by the Company for fuel and purchased energy are reasonable and prudent, and the Company continues to make every effort to secure the most favorable price for all of the fuel it purchases and for its purchased energy.

FINAL PURCHASED POWER CAPACITY COST TRUE-UP

(6) By vote of the Commission at the August 1995 hearings, estimated purchased power capacity cost true-up amounts were approved by the Commission, subject to establishing the actual purchased power capacity cost true-up amounts. According to the data filed by Gulf for the period ending September 31, 1995, the actual purchased power capacity cost true-up

amount for the subject six months should be an over recovery of \$600,870 instead of the estimated over recovery amount of \$190,165 as approved previously by this Commission. The difference between these two amounts, \$410,705, is submitted for approval by the Commission to be collected in the next period. The supporting data has been prepared in accordance with the uniform system of accounts and fairly presents the Company's purchased capacity expenses for the period. Amounts spent by the Company for purchased capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP

(7) Gulf has calculated its estimated purchased power capacity cost true-up amount for the period October 1995 through September 1996. Based on eight months actual and four months projected data, the Company's estimated capacity cost true-up amount for the current period (October 1995 through September 1996) is \$374,156 over recovery. The estimated capacity cost true-up for the current period is combined with the net final capacity cost true-up for the period ending September 31, 1996, to reach the total capacity cost true-up to be addressed in the factors for the next cost recovery period. The proposed capacity cost recovery factors reflect the refund of this total capacity cost true-up amount, \$784,861, during the period of October 1996 through September 1997.

PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS

(8) Gulf has calculated its projected purchased power capacity cost recovery amounts for the months October 1996 through September 1997 in accordance with the procedures set out in this Commission's Order No. 25773 and Order No. PSC-95-1089-FOF-EI. Gulf's proposed factors reflect the recovery of the net capacity cost recovery amount of \$12,118,326 projected for

the period October 1996 through September 1997. The computations and supporting data for the Company's purchased power capacity cost recovery factors are set forth on Schedules CCE-1 (including CCE-1a and CCE-1b) and CCE-2, attached as part of the exhibit to the testimony of S. D. Cranmer filed herewith. Additional supporting data for the purchased power capacity cost recovery factors is provided in the testimony and exhibits of M. W. Howell also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the allocation to rate classes, based 12/13th on demand and 1/13th on energy, is in accordance with the requirements of the Commission as set forth in Order No. 25773. The amounts included in the factors are based on reasonable projections of the capacity transactions that are expected to occur during the period October 1996 through September 1997. 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 purchased power capacity costs for the projected period. Amounts projected by the Company for purchased capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS

(9) Pursuant to Order 13247 (entered May 1, 1984) in Docket No. 830377-EI and Order No. 19548 (entered June 21, 1988) in Docket No. 880001-EI, Gulf has calculated estimates of as-available avoided energy costs for QF's in accordance with the procedures required in said orders. The resultant costs are attached to the testimony of S. D. Cranmer as Schedule E-11 and by reference made a part hereof. Gulf Power requests that the Commission approve the estimates for these costs set forth on Schedule E-11.

GPIF TARGETS AND RANGES

(10) Gulf also seeks approval of the GPIF targets and ranges for the period October 1996 through March 1997 set forth below:

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	90.2	4.9	5.0	10,710
Crist 7	81.9	4.9	13.3	10,626
Smith 1	92.2	4.9	2.9	10,269
Smith 2	91.8	4.9	3.3	10,354
Daniel 1	61.0	25.3	13.9	10,385
Daniel 2	79.9	13.7	6.5	10,141

*

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

*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 Group A, customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Group B, and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Group C.

CAPACITY COST RECOVERY FACTORS

(12) The proposed purchased power capacity cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS*	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RST	.167
GS, GST	.161
GSD, GSDT	.121
LP, LPT	.110
PX, PXT, RTP	.091
OSI, OSII	.040
OSIII	.096
OSIV	.203
SBS	.114

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final fuel cost true-up amounts for the period October 1995 through March 1996; the GPIF adjustment for the period October 1995 through March 1996; the estimated fuel cost true-up amounts for the period April 1996 through September 1996; the projected fuel cost recovery amounts for the period October 1996 through March 1997; the final purchased power capacity cost true-up amounts for the period April 1995 through September 1995; the estimated purchased power capacity cost recovery true-up amounts for the period October 1995 through September 1996; the GPIF targets and ranges for the period October 1996 through March 1997; the projected purchased power capacity cost recovery amounts for the period October 1996 through September 1997; the fuel cost recovery factors to be applied beginning with the period October 1996 through March 1997; and the capacity cost recovery factors to be applied beginning with the period October 1996 through September 1997.

Dated the 21st day of June, 1996.



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