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A SOUTHERN COMPANY

February 5, 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. 980007-EI

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

Also enclosed is a 3.5 inch double sided, high density diskette containing the Statement in WordPerfect for Windows 6.1 format as prepared on a Windows NT based computer.

Sincerely,

ACK _____
AFA Handwritten Susan D. Cranmer
APP _____ Susan D. Cranmer
CAF _____ Assistant Secretary and Assistant Treasurer
CMU _____ lw
CTR _____
EAG Handwritten Enclosure
LEG _____
L.N. 3 cc: Beggs and Lane
Jeffrey A. Stone, Esquire
OPC _____
RCH _____
SEC 1
WAS _____
OTH _____

DOCUMENT NUMBER-DATE

01931 FEB-6 98

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost Recovery)
Clause)
)
)
_____)

Docket No. : 980007-EI
Filed: February 6, 1998

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>(Direct)</u>	<u>Subject Matter</u>	<u>Issues</u>
1. S.D. Cranmer (Gulf)	Annual Filing Period	16

C. EXHIBITS:

NONE.

DOCUMENT NUMBER-DATE
01931 FEB-6 88
FPSC-RECORDS/REPORTING

D. STATEMENT OF BASIC POSITION

Gulf Power Company's Statement of Basic Position:

See Issue 16.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 16: Should the Commission approve a change in the frequency of the environmental cost recovery clause hearings from semi-annual hearings to annual hearings? If the change is approved, what 12 month period (fiscal or calendar) should be used and how should the change be implemented?

GULF: Yes, the Commission should approve a change to annual hearings. Gulf Power favors the application of 12 month cost recovery factors established on a calendar year basis in all ongoing cost recovery dockets involving electric utilities (Dockets 980001-EI, 980002-EG, and 980007-EI). Holding annual hearings in all such dockets is administratively more efficient. Use of a calendar year cycle allows affected customers a better opportunity to incorporate accurate annual energy costs into their budget plans and, in general, is more consistent with Gulf Power's internal budgeting process.

After such a change is fully implemented, the Commission should hold hearings in mid to late November each year to establish cost recovery factors to be effective for the coming calendar year. The prehearing conference for such a hearing should be held at the beginning of November. Based on these dates for the prehearing and hearing, the utilities should make their projection filings (including estimated true-up) in early October. Final true-up filings for the previous calendar year recovery period could be filed as early as March 31. This would allow the Commission's audit staff the opportunity to efficiently schedule their field work associated with the Commission's audit of the various cost recovery clauses.

If the Commission decides to make the suggested change to annual calendar year factors effective January 1, 1999, Gulf Power would propose to make a transitional filing in June 1998 to include projection data for the period October through December 1998. At the time of this transitional filing, Gulf Power would indicate to the Commission whether revised factors for this short transitional period are necessary in lieu of allowing Gulf Power's 12-month environmental cost recovery factors approved in the August 1997 hearings to remain effective for three additional months to cover the period through December 1998.

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 February 25-27, 1997, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 5th day of February, 1998.

Respectfully submitted,



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(850) 432-2451
Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 980007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 5th day of February 1998 by U.S. Mail or hand delivery to the following:

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