

ORIGINAL



August 4, 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. 980001-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,

Susan D. Cranmer

- ACK
- AFA Handover
- APP Assistant Secretary and Assistant Treasurer
- CAF
- CMU lw
- CTR Enclosure
- EAG Bohannon
- LEG 1 cc: Beggs and Lane
 J. A. Stone, Esquire
- LIN 3
- OPC
- RCH
- SEC 1
- WAS
- OTH

DOCUMENT NUMBER - DATE

08252 AUG -5 88

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clauses and) Docket No. 980001-EI
Generating Performance Incentive) Filed: August 5, 1998
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.

DOCUMENT NUMBER-DATE

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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,
2. M. W. Howell (Gulf)	Purchased Power -- energy and capacity transactions, true-up and projections	1, 2, 15b, 16b,
3. S. D. Cranmer (Gulf)	Fuel Adjustment, true-up and projections; capacity costs, true-up and projections	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 15b, 16b, 17, 18, 19, 20b, 21
4. G. D. Fontaine (Gulf)	GPIF, reward/penalty and targets and ranges	13, 14

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (MFO-1)	Oaks	Gulf Power Company Coal Suppliers Oct. '97 - March '98
<u> </u> (MFO-2)	Oaks	Projected vs. actual fuel cost of generated power Sept. '89 - Dec. '98
<u> </u> (MWH-1)	Howell	Gulf Power Company -- Projected Purchased Power Contract Transactions Oct. '98 - Dec. '98
<u> </u> (SDC-1)	Cranmer	Calculation of fuel cost recovery final true-up, 10/96 through 3/97; Calculation of capacity cost recovery final true-up, 10/96 through 9/97; Calculation of capacity cost recovery interest provision, 10/96 through 9/97
<u> </u> (SDC-2)	Cranmer	Schedules E-1 through E-12; CCE-1; CCE-1a; CCE-1b
<u> </u> (GDF-1)	Fontaine	Gulf Power Company GPIF Results Oct. '97 - March '98
<u> </u> (GDF-2)	Fontaine	Gulf Power Company GPIF Targets and Ranges Oct. '98 - Dec. '98

D. STATEMENT OF BASIC POSITION:

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the currently approved fuel and purchased power capacity factors be allowed to remain in effect through December 31, 1998.

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, 1997 through March, 1998?

GULF: Under recovery \$225,379. (Oaks, Howell, Cranmer)

ISSUE 2: What are the appropriate estimated fuel adjustment true-up amounts for the period April, 1998 through September, 1998?

GULF: Over recovery \$1,097,022. (Oaks, Howell, Cranmer)

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

GULF: See Issue 5. (Cranmer)

ISSUE 4: What is the appropriate recovery period to collect/refund the total fuel adjustment true-up amounts?

GULF: See Issue 5. (Cranmer)

ISSUE 5: Should the Commission allow the electric utilities to keep their levelized fuel cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, in Docket No. 980001-EI, issued March 20, 1998, for the period October, 1998, through December, 1998?

GULF: Yes. This will provide stability in rates for Gulf's customers by avoiding one change in factors for the three month transitional period to be followed by another change in factors effective January 1, 1999. Overall, the calculated factors for all three clauses combined would constitute an increase of approximately 1% over the combined factors currently in effect. Deferral of this 1% increase for three months has no material impact on Gulf's customers. Deferral would minimize the potential for customer confusion that would otherwise result from increasing one set of factors (purchased power capacity) and decreasing two others (fuel & purchased energy and environmental) with only minimal overall change. In addition, deferral would allow the Company to avoid the administrative activities required to implement changes in the factors effective October 1998.
(Cranmer)

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period October, 1998, through December, 1998?

GULF: See Issue 5. The approved factors in effect for the period ending September 30, 1998, should remain in effect through the period ending December 31, 1998.
(Cranmer)

ISSUE 7: What should be the effective date of the new fuel adjustment charge and the capacity cost recovery charge for billing purposes?

GULF: See Issue 5. (Cranmer)

ISSUE 8: What are the appropriate fuel recovery line 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, PXT, RTP, SBS	0.96230
D	OSI, OSII	1.01228

ISSUE 9: What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

GULF: See Issue 5. The approved factors in effect for the period ending September 30, 1998 should remain in effect through the period ending December 31, 1998. (Cranmer)

ISSUE 10: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of October, 1998 through December, 1998?

Gulf: 1.01609 (Cranmer)

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 AND RECEIVED BY GULF POWER COMPANY PRIOR TO THE FILING OF THIS PREHEARING STATEMENT

Generic Generating Performance Incentive Factor Issues

ISSUE 13: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1997 through March, 1998?

GULF: \$62,632 reward. (Fontaine)

ISSUE 14: What should the GPIF targets/ranges be for the period October, 1998 through December, 1998?

GULF: See table below: (Fontaine)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	85.9	9.8	4.3	10,737
Crist 7	76.8	9.8	13.4	10,156
Smith 1	98.1	0	1.9	10,207
Smith 2	87.1	9.8	3.1	10,246
Daniel 1	17.3	80.4	2.2	10,655
Daniel 2	83.1	9.8	7.2	10,300
EAF = Equivalent Availability Factor POF = Planned Outage Factor EUOF = Equivalent Unplanned Outage Factor				

Company-Specific GPIF Issues

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 AND RECEIVED BY GULF POWER COMPANY PRIOR TO THE FILING OF THIS PREHEARING STATEMENT

Generic Capacity Cost Recovery Issues

ISSUE 15b: What is the appropriate final purchased power capacity cost recovery true-up amount for the period October, 1996 through September, 1997?

GULF: Over recovery of \$1,478,455. (Howell, Cranmer)

ISSUE 16b: What is the estimated purchased power capacity cost recovery true-up amount for the period October, 1997 through September, 1998?

GULF: Under recovery of \$2,389,778. (Howell, Cranmer)

ISSUE 17: What is the total capacity cost recovery true-up amount to be collected/refunded?

GULF: See Issue 20b. (Cranmer)

ISSUE 18: What is the appropriate recovery period to collect/refund the total capacity cost recovery true-up amounts?

GULF: See Issue 20b. (Cranmer)

ISSUE 19: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October, 1998 through December, 1998?

GULF: The approved factors in effect for the period ending September 30, 1998 should remain in effect through the period ending December 31, 1998. (Cranmer)

ISSUE 20b: Should the Commission allow Gulf Power Company to keep its capacity cost recovery factors at the rate set by Order No. PSC-97-1045-FOF-EI, in Docket No. 970001-EI, issued September 5, 1997, for the period October, 1998, through December, 1998?

GULF: Yes. This will provide stability in rates for Gulf's customers by avoiding one change in factors for the three month transitional period to be followed by another change in factors effective January 1, 1999. Overall, the calculated factors for all three clauses combined would constitute an increase of approximately 1% over the combined factors currently in effect. Deferral of this 1% increase for three months has no material impact on Gulf's customers. Deferral would minimize the potential for customer confusion that would otherwise result from increasing one set of factors (purchased power capacity) and decreasing two others (fuel & purchased energy and environmental) with only minimal overall change. In addition, deferral would allow the Company to avoid the administrative activities required to implement changes in the factors effective October 1998. (Cranmer)

ISSUE 21: What are the appropriate capacity cost recovery factors for the period October, 1998 through December, 1998?

GULF: The approved factors in effect for the period ending September 30, 1998 should remain in effect through the period ending December 31, 1998. (Cranmer)

Company-Specific Capacity Cost Recovery 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 AND RECEIVED BY GULF POWER COMPANY PRIOR TO THE FILING OF THIS PREHEARING STATEMENT

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 26-28, 1998, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 4th day of August, 1998.

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. 980001-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 4th day of August 1998 on the following:

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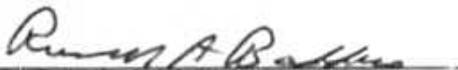
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