

One Energy Place
Pensacola, Florida 32520

850.444.6111



October 26, 2000

Ms. Marlene Stern, Esquire
Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Stern:

RE: Docket No. 000007-EI

Enclosed is Gulf Power Company's response to Staff's First Set of Interrogatories, Nos. 1-2, and Staff's First Request for Production of Documents, Nos. 1-2, in the above docket.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane
Jeffrey A. Stone, Esquire
Florida Public Service Commission
Blanca S. Bayo (letter only)

RECEIVED & FILED

A handwritten signature in cursive script, likely "L. Stone", is written over the stamp.

FPSC BUREAU OF RECORDS

DOCUMENT NUMBER - DATE

1384 | OCT 27 8

FPSC-RECORDS/REPORTING

ORIGINAL

One Energy Place
Pensacola, Florida 32520

850.444.6111



October 26, 2000

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. 000007-EI

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

Also enclosed is a 3.5 inch double sided, high density diskette containing the Statement in WordPerfect for Windows 8.0 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

APP _____
CAF _____
CMP _____
COM 3 _____
CTR _____
EPR _____
GTR _____
LDR _____
MGR _____
NDR _____
PDR _____
QDR _____
RDR _____
SDR _____
TDR _____
VDR _____
WDR _____
XDR _____
YDR _____
ZDR _____

cc: Beggs and Lane
Jeffrey A. Stone

Vanden
Bremer

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[Signature]
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 000007-EI
 Date Filed: October 26, 2000

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. J. O. Vick (Gulf)	Environmental compliance activities (True-up and Projections)	1, 2, 4, 10, 10B, 10D
2. S. D. Ritenour (Gulf)	Environmental compliance cost recovery calculations (True-up and Projections)	1, 2, 3, 4, 5, 6, 7, 8, 10A, 10C

DOCUMENT NUMBER-DATE

13841 OCT 27 8

FPSC-RECORDS/REPORTING

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (SDR-1)	Ritenour	Schedules 1A, 2A, 3A, 4A, 5A, 6A, 7A, 8A Calculation of Final True-up 1/99 - 12/99
_____ (SDR-2)	Ritenour	Schedules 1E, 2E, 3E, 4E, 5E, 6E, 7E, 8E Calculation of Estimated True-up 1/00 - 12/00
_____ (SDR-3)	Ritenour	Schedules 1P, 2P, 3P, 4P, 5P, 6P, 7P Calculation of Projection 1/01 - 12/01

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 environmental cost recovery factors present the best estimate of Gulf's environmental compliance costs recoverable through the environmental cost recovery clause for the period January 2001 through December 2001 including the true-up calculations and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Environmental Cost Recovery Issues

ISSUE 1: What are the appropriate final environmental cost recovery true-up amounts for the period ending December 31, 1999?

GULF: Over recovery \$541,592. (Vick, Ritenour)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January, 2000 through December, 2000?

GULF: Over recovery \$1,266,925. (Vick, Ritenour)

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected/refunded during the period January 2001 through December 2001?

GULF: Refund of \$1,808,517. (excluding revenue taxes). (Ritenour)

ISSUE 4: What are the appropriate projected environmental cost recovery amounts to be included in the recovery factors for the period January 2001 through December 2001?

GULF: \$ 10,786,018. (Vick, Ritenour)

ISSUE 5: What should be the effective date of the new environmental cost recovery factors for billing purposes?

GULF: The factors should be effective beginning with the specified billing cycle and thereafter for the period January, 2001, through December, 2001. Billing cycles may start before January 1, 2001, and the last cycle may be read after December 31, 2001, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Ritenour)

ISSUE 6: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2001 through December 2001?

GULF: The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Ritenour)

ISSUE 7: What are the appropriate jurisdictional separation factors for the projected period January 2001 through December 2001?

GULF: The demand jurisdictional separation factor is .9650747. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales. (Ritenour)

ISSUE 8: What are the appropriate Environmental Cost Recovery Factors for each rate group?

GULF: See table below: (Ritenour)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST, RSVP	0.096
GS, GST	0.096
GSD, GSDT	0.087
LP, LPT	0.082
PX, PXT, RTP, SBS	0.077
OSI, OSII	0.063
OSIII	0.081
OSIV	0.069

Company - Specific Environmental Cost Recovery Issues

Gulf Power Company

ISSUE 10: Should the Commission approve Gulf Power Company's request for recovery of costs of the Generic NOx Control Intelligent System to Plant Smith Unit 1 project through the Environmental Cost Recovery Clause?

GULF: Yes. The Generic NOx Control Intelligent System (GNOCIS) project is being implemented to meet a governmentally imposed environmental requirement on an existing unit at one of Gulf Power Company's power plants. The approval of this project does not rest on the same issues raised by the Smith Wetlands Mitigation project that will be addressed in a Staff workshop. Deferring consideration of GNOCIS until after that workshop would therefore be inappropriate. (Vick)

ISSUE 10A: How should the newly proposed environmental costs for the Generic NOx Control Intelligent System to Plant Smith Unit 1 project be allocated to the rate classes?

GULF: The Generic NOx Control Intelligent System to Plant Smith Unit 1 project should be allocated to the rate classes on an energy basis. (Ritenour)

ISSUE 10B: Should the Commission approve Gulf Power Company's request for recovery of costs of the Consumptive Water Use Monitoring Activity through the Environmental Cost Recovery Clause?

GULF: Yes. The Consumptive Water Use Monitoring Activity was approved for cost recovery by the Commission on September 26, 2000. (Vick)

ISSUE 10C: How should the newly proposed environmental costs for the Consumptive Water Use Monitoring Activity be allocated to the rate classes?

GULF: The Consumptive Water Use Monitoring Activity should be allocated to the rate classes using the 12 Coincident Peak and 1/13 Average Demand Method. (Ritenour)

ISSUE 10D: Should the Commission approve Gulf Power Company's request for recovery of costs for Gulf Coast Ozone Study through the Environmental Cost Recovery Clause?

GULF: Yes. The Commission approved this project for cost recovery in Order No. PSC-00-1167-PAA-EI. Gulf has requested recovery of amounts that have been calculated consistent with Order No. PSC-00-1167-PAA-EI. (Vick)

E. 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 November 20-22, 2000, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 26th day of October, 2000.

Respectfully submitted,



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

Beggs & Lane

P. O. Box 12950

(700 Blount Building)

Pensacola, FL 32576-2950

(850) 432-2451

Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 000007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 26th day of October 2000 by U.S. Mail or hand delivery to the following:

Marlene Stern, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
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