

Gulf Power Company
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7/21 2:30 pm

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

The Southern electric system

July 21, 1994

ORIGINAL
FILE COPY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 940001-EI

Enclosed are an original and fifteen 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 5.1 format
as prepared on a MS-DOS based computer.

Sincerely,

Jack L. Haskins

RECEIVED & FILED
WAS
FPSC-BUREAU OF RECORDS

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esq.

- ACK
- AFA
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG *6/21/94* _____
- LEG *Bren* _____
- LIN 3 _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTW _____

"Our business is customer satisfaction"

DOCUMENT NUMBER-DATE

07403 JUL 21 94

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power)
Cost Recovery Clause and)
Generating Performance)
Incentive Factor)
_____)

Docket No. 940001-EI
Filed: July 21, 1994

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:

G. EDISON HOLLAND, JR., Esquire, JEFFREY A. STONE, Esquire, and TERESA E. LILES, Esquire, of Beggs & Lane, 700 Blount Building, 3 West Garden Street, P. O. Box 12950, Pensacola, Florida 32576-2950
On behalf of Gulf Power Company.

DOCUMENT NUMBER-DATE

07403 JUL 21 1994

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. L. Gilchrist	Fuel Adjustment, true-up and projections; Peabody suspension agreement	1, 2, 4, 12
2. M. W. Howell	Purchased Power -- energy and capacity transactions, true- up and projections	1, 2, 4, 16, 17, 19
3. S. D. Cranmer	Fuel Adjustment, true-up and projections; capacity costs, true-up and projections	1, 2, 3, 4, 6, 7, 8, 16, 17, 18, 19, 20
4. G. D. Fontaine	GPIF, reward/penalty and targets and ranges	10, 11

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(MLG-1)</u>	Gilchrist	Coal Suppliers Oct '93 - Mar '94
<u>(MLG-2)</u>	Gilchrist	Projected vs. Actual Fuel Cost; Calculation of Net Fuel Savings -- Peabody Suspension Agreement
<u>(MWH-1)</u>	Howell	Projected Capacity Transactions Oct '94 - Mar '95
<u>(SDC-1)</u>	Cranmer	Fuel Cost Recovery Final True-up Calculation
<u>(SDC-2)</u>	Cranmer	Schedules E-1 through E-11; 12; 13; H-1; CCE-1, CCE-1a; CCE-1b; CCE-2; & monthly A-1 thru A-12, Nov. '93 thru May '94; (development of fuel cost and capacity cost recovery factors)
<u>(GDF-1)</u>	Fontaine	GPIF Results Schedules
<u>(GDF-2)</u>	Fontaine	GPIF Targets and Ranges

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 present the best estimate of Gulf's fuel and purchased power expense for the period October, 1994 through March, 1995 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, 1993 through March, 1994?
GULF: Under recovery \$810,768. (Gilchrist, Howell, Cranmer)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period April, 1994 through September, 1994?
GULF: Under recovery \$1,969,504. (Gilchrist, Howell, Cranmer)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period October, 1994 through March, 1995?
GULF: \$2,780,272. (Cranmer)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period October, 1994 through March, 1995?
GULF: 2.179¢/KWH. (Gilchrist, Howell, Cranmer)

ISSUE 5: What should be the effective date of the new fuel adjustment charge, oil backout charge, and conservation cost recovery charge for billing purposes?
GULF: The factor should be effective beginning with the specified fuel cycle and thereafter for the period October, 1994 through March, 1995. Billing cycles may start before October 1, 1994, and the last cycle may be read after March 31, 1995, so that each customer is billed for six months regardless of when the adjustment factor became effective. (Cranmer)

ISSUE 6: 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, OSIII, OSIV	1.01228
B	LP	0.98106
C	PX	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, OSIII, OSIV	2.206	2.253	2.191
B	LP	2.138	2.184	2.123
C	PX	2.097	2.142	2.082
D	OSI, OSII	2.205	N/A	N/A

ISSUE 8: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of October, 1994 through March, 1995?

GULF: 1.01609. (Cranmer)

Company-Specific Fuel Adjustment Issues

Gulf Power Company

ISSUE 12: What costs, if any, are appropriate for Gulf to recover through the fuel cost recovery clause as a result of the Peabody contract suspension?

GULF: Gulf should recover all costs associated with the Peabody contract suspension, including the suspension payment and the costs of purchasing replacement coal. These costs were prudently incurred and resulted in net fuel savings for the customers totalling approximately \$14,479,865. (Gilchrist)

Generic Generating Performance Incentive Factor Issues

ISSUE 13: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1993 through March, 1994?

GULF: Penalty \$84,941. (Fontaine)

ISSUE 14: 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	83.6	8.8	7.6	10,410
Crist 7	69.2	8.8	22.0	10,317
Smith 1	87.7	8.8	3.5	10,137
Smith 2	84.8	12.6	2.6	10,237
Daniel 1	85.4	0.0	14.6	10,287
Daniel 2	94.8	0.0	5.2	9,923

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

Generic Capacity Cost Recovery Issues

ISSUE 19: What is the final capacity cost recovery true-up amount for the period October, 1993 through March, 1994?

GULF: Under recovery \$1,135,019. (Howell, Cranmer)

ISSUE 20: What is the estimated capacity cost recovery true-up amount for the period April, 1994 through September, 1994?

GULF: Over recovery \$56,118. (Howell, Cranmer)

ISSUE 21: What is the total capacity cost recovery true-up amount to be collected during the period October, 1994 through March, 1995?

GULF: \$1,078,901. (Cranmer)

ISSUE 22: What is the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period October, 1994 through March, 1995?

GULF: \$6,956,372.¹ (Howell, Cranmer)

¹This figure differs from the amount stated in Gulf's Preliminary List of Issues and Positions due to a correction in the load research data used in the calculation of this amount. The revised amount is also reflected in Gulf Power's Amended Petition filed concurrently herewith.

ISSUE 23: 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 ²
RS, RST	0.224
GS, GST	0.219
GSD, GSDT	0.170
LP, LPT	0.147
PX, PXT	0.119
OSI, OSII	0.014
OSIII	0.132
OSIV	0.015
SS	0.363

Company-Specific Capacity Cost Recovery 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

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.

²Certain of the factors listed differ from those stated in Gulf's Preliminary List of Issues and Positions due to a correction in the load research data used in calculating the factor. The revised factors are also reflected in Gulf Power's Amended Petition filed concurrently herewith.

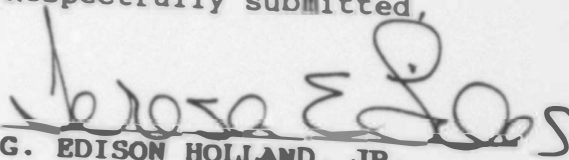
H. OTHER MATTERS:

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 11-12, 1994, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 20th day of July, 1994.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clause with Generating) Docket No. 940001-EI
Performance Incentive Factor *)
_____)

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail the 21st day of July, 1994 on the following:

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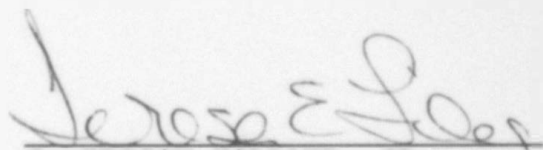
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