

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost)
Recovery Clause.)

Docket No. 950007-EI
Filed: June 16, 1995

ORIGINAL
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PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR OCTOBER 1994 THROUGH MARCH 1995;
ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR APRIL 1995 THROUGH SEPTEMBER 1995;
PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS
FOR OCTOBER 1995 THROUGH MARCH 1996;
AND ENVIRONMENTAL COST RECOVERY FACTORS
TO BE APPLIED BEGINNING WITH THE PERIOD
OCTOBER 1995 THROUGH MARCH 1996

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 environmental cost
recovery true-up amounts for the period October 1994 through March
1995; for approval of its estimated environmental cost recovery
true-up amounts for the period April 1995 through September 1995;
for approval of its projected environmental cost recovery amounts
for the period October 1995 through March 1996; and for approval of
environmental cost recovery factors to be applied in customer
billings beginning with the period October 1995 through March 1996.

As grounds for the relief requested by this petition, the
Company would respectfully show:

(1) Notices and communications with respect to this petition
and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Jack L. Haskins, Manager
Rates & Regulatory Matters
Gulf Power Company
P. O. Box 13470
Pensacola, FL 32591-3470

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FPSC-RECORDS/REPORTING

FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP

(2) By vote of the Commission following hearings in August 1994, projected environmental cost recovery amounts were approved by the Commission for the period October 1994 through March 1995, subject to establishing the final environmental cost recovery true-up amounts. According to the data filed by Gulf for the period ending March 31, 1995, the final environmental cost recovery true-up amount for the period ending March 31, 1995, should be an actual over recovery of \$434,656 instead of the estimated over recovery amount of \$333,228 as approved previously by the Commission. The difference between these two amounts, \$101,428, is submitted for approval by the Commission to be refunded in the next period. The supporting data has been prepared in accordance with the uniform system of accounts as applicable to the Company's environmental cost recovery and fairly presents the Company's environmental costs to be considered for recovery through the Environmental Cost Recovery Clause("ECRC") for the period. The environmental activities and related expenditures reflected in the true-up amounts shown for the period ending March 31, 1995 are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to Gulf Power Company and therefore, the amounts identified are prudent expenditures which have been incurred for utility purposes.

ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP

(3) Gulf has calculated its estimated environmental cost recovery true-up amounts for the period April 1995 through September 1995. Based on two months actual and four months projected data, the Company's estimated environmental cost recovery true-up amount for the current period (April 1995 through September 1995) is \$428,156 over recovery. The estimated environmental cost recovery true-up for the current period is combined with the net final environmental cost recovery true-up for the period ending March 31, 1995 to reach the total environmental cost recovery true-up to be addressed in the factors for the next cost recovery period. The proposed environmental cost recovery factors reflect the refund of this total environmental cost recovery true-up amount excluding revenue taxes, \$529,584, during the period of October 1995 through March 1996.

PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS

(4) Gulf has calculated its projected environmental cost recovery amounts for the months October 1995 through March 1996 in accordance with the principles and policies for environmental cost recovery found in §366.8255 of the Florida Statutes and Commission Order No. PSC-94-0044-FOF-EI. The proposed factors reflect the recovery of the net environmental cost recovery amount of \$6,000,932 projected for the period October 1995 through March 1996¹. The computations and supporting data for the Company's

¹This amount, \$6,000,932, is before taking into account the total environmental cost recovery true-up identified in paragraph 3 above. Consequently, the figure after taking into account the total true-up including revenue taxes is \$5,462,827.

environmental cost recovery factors are set forth on Schedules attached as part of the exhibit to the testimony of S. D. Cranmer filed herewith. Additional supporting data for the environmental cost recovery factors is provided in the testimony and exhibits of J. O. Vick and M. L. Gilchrist also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the allocation to rate classes is in accordance with the requirements of the Commission as set forth in Order No. PSC-94-0044-FOF-EI. The amounts included in the factors for this projection period are based on reasonable projections of the costs for environmental compliance activities that are expected to be incurred during the period October 1995 through March 1996. 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 environmental compliance costs for the projected period. The activities described in the testimony and exhibits of Mr. Vick are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to Gulf Power Company and the projected costs resulting from the described compliance activities are also reasonable and necessary. Therefore, the costs identified are prudent expenditures which have been or will be incurred for utility purposes and for which the Company should be allowed to recover the associated revenue requirements.

ENVIRONMENTAL COST RECOVERY FACTORS

(5) The proposed environmental cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS*	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST	0.157
GS, GST	0.156
GSD, GSDT, SBS	0.140
LP, LPT, SBS	0.130
PX, PXT, RTP, SBS	0.120
OSI, OSII	0.091
OSIII	0.129
OSIV	0.091

*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 Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final environmental cost recovery true-up amounts for the period October 1994 through March 1995; the estimated environmental cost recovery true-up amounts for the period April 1995 through September 1995; the projected environmental cost recovery amounts for the period October 1995 through March 1996; and the environmental cost recovery factors to be applied in customer billings beginning with the period October 1995 through March 1996.

Respectfully submitted the 15th day of June, 1995.

Russell A. Badders

JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 7455
Beggs & Lane
P. O. Box 12950
Pensacola, Florida 32576-2950
(904) 432-2451
Attorneys for Gulf Power Company