

Susan D. Ritenour
Secretary and Treasurer
and Regulatory Manager

One Energy Place
Pensacola, Florida 32520-0781

Tel 850.444.6231
Fax 850.444.6026
SDRITENO@southernco.com



October 3, 2008

RECEIVED-FPSC
08 OCT - 6 PM 3:05
COMMISSION
CLERK

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Dear Ms. Cole:

Re: Docket No. 080001-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Preliminary Statement Regarding Issues and Positions, to be filed in the above docket.

Also enclosed is a CD containing the Preliminary Statement Regarding Issues and Positions in Microsoft Word for Windows format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour (lw)

COM ___ mv
ECR ___
GCL 3 Enclosures
OPC ___
RCP 3 cc: Beggs & Lane
SSC ___ Jeffrey A. Stone, Esq.
SGA 1
ADM ___
CLK ___

** CD forwarded to GCL.*

DOCUMENT NUMBER - DATE

09416 OCT-6 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Fuel and Purchased Power Cost**)
Recovery Clause with Generating)
Performance Incentive Factor)

Docket No.: **080001-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 3rd day of October, 2008, on the following:

John T. Burnett, Esq.
Progress Energy Service Co.
P. O. Box 14042
St. Petersburg FL 33733-4042

Mehrdad Khojasteh
Florida Public Utilities Company
P. O. Box 3395
West Palm Beach FL 33402-3395

Lisa Bennett, Esq.
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

John T. Butler, Esq.
Senior Attorney for Florida
Power & Light Company
700 Universe Boulevard
Juno Beach FL 33408-0420

R. Wade Litchfield, Esq.
Associate General Counsel for
Florida Power & Light Company
700 Universe Boulevard
Juno Beach FL 33408-0420

Jeffrey S. Bartel
Vice President
Florida Power & Light Co.
215 S. Monroe Street, Ste. 810
Tallahassee FL 32301-1859

John W. McWhirter, Jr., Esq.
Attorney for Florida Industrial
Power Users Group
McWhirter Reeves & Davidson
P.O. Box 3350
Tampa, FL 33601-3350

Lee L. Willis, Esq.
James D. Beasley, Esq.
Attorneys for Tampa Electric Co.
Ausley & McMullen
P. O. Box 391
Tallahassee FL 32302

Paula K. Brown, Administrator
Regulatory Coordination
Tampa Electric Company
P. O. Box 111
Tampa FL 33601

Paul Lewis, Jr.
Progress Energy Florida, Inc.
106 E. College Ave., Ste. 800
Tallahassee FL 32301-7740

Patricia Ann Christensen, Esq.
Office of Public Counsel
111 W. Madison St., Room 812
Tallahassee FL 32399-1400

Norman H. Horton, Jr., Esq.
Messer, Caparello & Self, P.A.
P. O. Box 15579
Tallahassee FL 32317

Michael B. Twomey
Attorney for AARP
P. O. Box 5256
Tallahassee FL 32314-5256

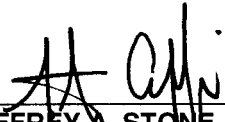
Cecilia Bradley
Senior Assistant Attorney General
Office of the Attorney General
The Capitol-PL01
Tallahassee FL 32399-1050

James W. Brew
Brickfield, Burchette, et al., P.C.
1025 Thomas Jefferson St., NW
Eighth, West Tower
Washington DC 20007-5201

Karin S. Torain
PCS Administration (USA), Inc.
Skokie Boulevard, Ste. 400
Northbrook IL 60062

Florida Retail Federation
100 East Jefferson Street
Tallahassee FL 32301

Robert Scheffel Wright
John T. LaVia, III
Young van Assenderp, P.A.
225 S. Adams Street, Suite 200
Tallahassee FL 32301



JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 007455
STEVEN R. GRIFFIN
Florida Bar No. 0627569
BEGGS & LANE
P. O. Box 12950
Pensacola FL 32591-2950
(850) 432-2451
Attorneys for Gulf Power Company

DOCUMENT NUMBER-DATE

09416 OCT-6 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clauses and)
Generating Performance Incentive)
Factor)
_____)

Docket No. 080001-EI
Filed: October 3, 2008

**PRELIMINARY STATEMENT OF GULF POWER COMPANY
REGARDING ISSUES AND POSITIONS**

Gulf Power Company, ("Gulf Power", "Gulf", or "the "Company"), by and through its undersigned attorneys, hereby files this preliminary statement of issues and positions, saying:

Generic Fuel Adjustment Issues

ISSUE 1: What are the appropriate fuel adjustment true-up amounts for the period January 2007 through December 2007?

GULF: Under recovery \$13,300,934. (Ball, Dodd)

ISSUE 2: What are the appropriate fuel adjustment true-up amounts for the period January 2008 through December 2008?

GULF: Under recovery \$34,672,595. (Ball, Dodd)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2009 to December 2009?

GULF: Collection of \$47,973,529. (Dodd)

ISSUE 4: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2009 through December 2009?

GULF: 1.00072. (Dodd)

1 DOCUMENT NUMBER-DATE
09416 OCT-6 8
FPSC-COMMISSION CLERK

ISSUE 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009?

GULF: \$683,661,231. (Dodd)

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January 2009 through December 2009?

GULF: 5.728 cents/kWh. (Dodd)

ISSUE 7: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

GULF: See table below: (Dodd)

| Group | Rate Schedules | Line Loss Multipliers |
|--------------|---|------------------------------|
| A | RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1) | 1.00526 |
| B | LP, LPT, SBS(2) | 0.98890 |
| C | PX, PXT, RTP, SBS(3) | 0.98063 |
| D | OSI/II | 1.00529 |

(1) Includes SBS customers with a contract demand in the range of 100 to 499 KW

(2) Includes SBS customers with a contract demand in the range of 500 to 7,499 KW

(3) Includes SBS customers with a contract demand over 7,499 KW

ISSUE 8: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

GULF: See table below: (Dodd)

| Group | Rate Schedules* | Line Loss Multipliers | Fuel Cost Factors ¢/KWH | | |
|-------|--|-----------------------|-------------------------|-------------|----------|
| | | | Standard | Time of Use | |
| | | | | On-Peak | Off-Peak |
| A | RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1) | 1.00526 | 5.758 | 6.737 | 5.351 |
| B | LP, LPT, SBS(2) | 0.98890 | 5.664 | 6.627 | 5.264 |
| C | PX, PXT, RTP, SBS(3) | 0.98063 | 5.617 | 6.572 | 5.220 |
| D | OSI/II | 1.00529 | 5.699 | N/A | N/A |

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

ISSUE 9: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

GULF: The new fuel and capacity factors should be effective beginning with the first billing cycle for January 2009 and thereafter through the last billing cycle for December 2009. The first billing cycle may start before January 1, 2009, and the last cycle may be read after December 31, 2009, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

ISSUE 10: What are the appropriate actual benchmark levels for calendar year 2008 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

GULF: \$3,340,925. (Dodd, Ball)

ISSUE 11: What are the appropriate estimated benchmark levels for calendar year 2009 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

GULF: \$2,642,498. (Dodd, Ball)

Company-Specific Fuel Adjustment Issues

ISSUE 15A: Should the Commission approve as prudent, GULF's actions to mitigate the volatility of natural gas, residual oil and purchased power prices, as reported in GULF's April 2008 and September 2008 hedging reports?

GULF: Yes. (Ball)

ISSUE 15B: Should the Commission approve GULF's 2009 Risk Management Plan?

GULF: Yes. (Ball)

Generic Generating Performance Incentive Factor Issues

ISSUE 17: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2007 through December 2007 for each investor-owned electric utility subject to the GPIF?

GULF: \$433,685 penalty. (Noack)

ISSUE 18: What should the GPIF targets/ranges be for the period January 2009 through December 2009 for each investor-owned electric utility subject to the GPIF?

GULF: See table below: (Noack)

| Unit | EAF | POF | EUOF | Heat Rate |
|--|------------|------------|-------------|------------------|
| Crist 4 | 98.0 | 0.0 | 2.0 | 10,810 |
| Crist 5 | 96.4 | 0.0 | 3.6 | 10,594 |
| Crist 6 | 81.8 | 10.7 | 7.5 | 10,530 |
| Crist 7 | 68.7 | 22.2 | 9.2 | 10,496 |
| Smith 1 | 89.7 | 6.3 | 4.0 | 10,310 |
| Smith 2 | 95.9 | 0.0 | 4.1 | 10,349 |
| Daniel 1 | 81.2 | 15.3 | 3.5 | 10,096 |
| Daniel 2 | 89.7 | 5.8 | 4.6 | 9,870 |
| EAF = Equivalent Availability Factor (%) POF = Planned Outage Factor (%) EUOF = Equivalent Unplanned Outage Factor (%) | | | | |

Company-Specific GPIF Issues

NONE RAISED BY GULF POWER COMPANY

Generic Capacity Cost Recovery Issues

ISSUE 23: What are the appropriate capacity cost recovery true-up amounts for the period January 2007 through December 2007?

GULF: Under recovery of \$92,592. (Ball, Dodd)

ISSUE 24: What are the appropriate capacity cost recovery true-up amounts for the period January 2008 through December 2008?

GULF: Under recovery of \$274,796. (Ball, Dodd)

ISSUE 25: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2009 through December 2009?

GULF: Collection of \$367,388. (Dodd)

ISSUE 26: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009?

GULF: \$34,063,542. (Ball, Dodd)

ISSUE 27: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2009 through December 2009?

GULF: 96.42160%. (Ball, Dodd)

ISSUE 28: What are the appropriate capacity cost recovery factors for the period January, 2009 through December 2009?

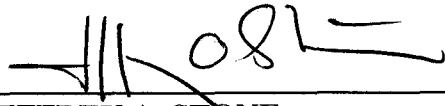
GULF: See table below: (Dodd)

| RATE CLASS | CAPACITY COST RECOVERY FACTORS ¢/KWH |
|-------------------|---|
| RS, RSVP | 0.335 |
| GS | 0.307 |
| GSD, GSDT, GSTOU | 0.262 |
| LP, LPT | 0.227 |
| PX, PXT, RTP, SBS | 0.190 |
| OS-I/II | 0.079 |
| OSIII | 0.204 |

Company-Specific Capacity Cost Recovery Issues

NONE RAISED BY GULF POWER COMPANY

Respectfully submitted this 3rd day of October, 2008.



JEFFREY A. STONE

Florida Bar No. ~~3259~~53

RUSSELL A. BADDERS

Florida Bar No. 0007455

Steven R. Griffin

Florida Bar No. 0627569

Beggs & Lane

P. O. Box 12950

Pensacola, FL 32591

(850) 432-2451

Attorneys for Gulf Power Company