

Gulf Power Company  
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Telephone 904 444-6365

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

the southern electric system

February 25, 1994

Mr. Steve Tribble, Director  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee FL 32399-0870

Dear Mr. Tribble:

ACK  RE: Docket No. 940001-EI  
AFA 5  
APP \_\_\_\_\_ Enclosed are an original and fifteen copies of the  
Prehearing Statement of Gulf Power Company to be filed in  
CAF \_\_\_\_\_ the above docket.  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_ Also enclosed is a 3.5 inch double sided, high density  
diskette containing the Statement in WordPerfect 5.1 format  
ENG  as prepared on a MS-DOS based computer.  
LEG 1 Sincerely,  
LNI 1  
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC  lw  
WAS \_\_\_\_\_ Enclosures  
OTH \_\_\_\_\_ cc: Beggs and Lane  
Jeffrey A. Stone, Esq.

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01881 FEB 25 94

FPSC-RECORDS/REPORTING

"Our business is customer satisfaction"

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

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Docket No. 940001-EI  
Filed: Feb. 25, 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  
Commission Order No. PSC-94-0067-PCO-EI issued January 21, 1994 and  
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, FL  
32576-2950  
On behalf of Gulf Power Company.

DOCUMENT NUMBER-DATE

01881 FEB 25 94

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<sup>1</sup></u>
<u>(Direct)</u>			
1.	M. L. Gilchrist (Gulf)	Fuel Adjustment, true-up and projections	1, 2, 4
2.	M. W. Howell (Gulf)	Purchased Power -- energy and capacity transactions, true-up and projections	1, 2, 4, 16, 17, 19
3.	S. D. Cranmer (Gulf)	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 (Gulf)	GPIF, reward/penalty and targets and ranges	10, 11

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<sup>1</sup>The numerical references to issues follow the numbering scheme for the issues as set forth in Staff's Preliminary List of Issues and Positions dated February 11, 1994. In Staff's Preliminary List of Issues and Positions, there was a company-specific fuel adjustment issue regarding Tampa Electric Company that was labeled Issue 10 as well as a generic GPIF issue that was labeled Issue 10. The reference to Issue 10 in this document is to the generic GPIF issue.

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(MLG-1)</u>	Gilchrist	Coal Suppliers Apr.'93 - Oct.'93
<u>(MLG-2)</u>	Gilchrist	Projected vs. Actual Fuel Cost
<u>(MWH-1)</u>	Howell	Projected Capacity Transactions Apr.'94 - Sept.'94
<u>(SDC-1)</u>	Cranmer	Fuel Adjustment 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, June '93 thru Nov.'93; (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 and capacity cost recovery factors present the best estimate of Gulf's fuel and purchased power expense (both energy and capacity) for the period April 1994 through September 1994 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 levelized fuel adjustment true-up amounts for the period April, 1993 through September, 1993?

GULF: Under recovery \$1,734,229. (Gilchrist, Howell, Cranmer)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period October, 1993 through March, 1994?

GULF: Under recovery \$2,995,885. (Gilchrist, Howell, Cranmer)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period April, 1994 through September, 1994?

GULF: Under recovery \$4,730,114. (Cranmer)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1994 through September, 1994?

GULF: 2.158 cents per 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?

The factor should be effective beginning with the specified fuel cycle and thereafter for the period April, 1994, through September, 1994. Billing cycles may start before April 1, 1994, and the last cycle may be read after September 30, 1994, so that each customer is billed for six months regardless of when the adjustment factor became effective.

**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)

<b>Group</b>	<b>Rate Schedules</b>	<b>Line Loss Multipliers</b>
<b>A</b>	RS, GS, GSD, OSIII, OSIV	1.01228
<b>B</b>	LP	0.98106
<b>C</b>	PX	0.96230
<b>D</b>	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	2.185	2.281	2.139
B	LP	2.117	2.210	2.073
C	PX	2.077	2.168	2.033
D	OSI, OSII	2.269	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 April through September, 1994?

**GULF:** 1.01609. (Cranmer)

**Company-Specific Fuel Adjustment Issues**

NONE CONCERNING GULF POWER COMPANY RAISED TO DATE BY ANY PARTY

Generic Generating Performance Incentive Factor Issues

ISSUE 10: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1993 through September, 1993?

GULF: Reward \$128,552. (Fontaine)

ISSUE 11: What should the GPIF targets/ranges be for the period April, 1994 through September, 1994?

GULF: See table below: (Fontaine)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	66.6	24.6	8.8	10,391
Crist 7	82.1	0.0	17.9	10,231
Smith 1	80.8	13.1	6.1	10,162
Smith 2	90.8	0.0	9.2	10,192
Daniel 1	86.8	9.3	3.9	10,449
Daniel 2	96.8	0.0	3.2	10,089

EAF = Equivalent Availability Factor  
POF = Planned Outage Factor  
EUOF = Equivalent Unplanned Outage Factor

Company-Specific GPIF Issues

NONE CONCERNING GULF POWER COMPANY RAISED TO DATE BY ANY PARTY



Generic Capacity Cost Recovery Issues

ISSUE 16: What is the appropriate final capacity cost recovery true-up amount for the period April, 1993 through September, 1993?

GULF: Over recovery \$183,938. (Howell, Cranmer)

ISSUE 17: What is the estimated capacity cost recovery true-up amount for the period October, 1993 through March, 1994?

GULF: Under recovery \$41,833. (Howell, Cranmer)

ISSUE 18: What is the total capacity cost recovery true-up amount to be collected during the period April, 1994 through September, 1994?

GULF: Over recovery \$142,105. (Cranmer)

ISSUE 19: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factors for the period April, 1994 through September, 1994?

GULF: \$1,303,663 net of taxes and exclusive of true-up adjustments. (Howell, Cranmer)

**ISSUE 20:** What are the appropriate capacity cost recovery factors for the period April, 1994 through September, 1994?

**GULF:** See table below: (Cranmer)

<b>RATE CLASS</b>	<b>CAPACITY COST RECOVERY FACTORS ¢/KWH</b>
RS, RST	0.031
GS, GST	0.031
GSD, GSDT	0.024
LP, LPT	0.021
PX, PXT	0.017
OSI, OSII	0.003
OSIII	0.019
OSIV	0.002
SS	0.017

**Company-Specific Capacity Cost Recovery Issues**

NONE CONCERNING GULF POWER COMPANY RAISED TO DATE 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.

H. OTHER MATTERS:

GULF: If other issues are raised for determination at the hearings set for March 9-10, 1994, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 24th day of February, 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 25<sup>th</sup> day of February, 1994 on the following:

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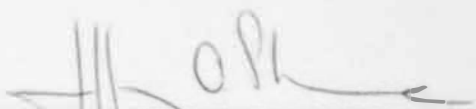
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