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Gulf Power Company  
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Pensacola FL 32520-0770  
Telephone 904 444-6365

ORIGINAL  
FILE COPY

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

the southern electric system

February 10, 1995

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. 950007-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, double density diskette containing the Statement in WordPerfect for Windows 6.0a format as prepared on a MS-DOS based computer.

Sincerely,

*Jack L. Haskins*

Enclosures

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

- ACK
- AEA
- AMC
- CF
- CMU
- CTR
- EAG  *Beggs 5*
- LEG  *1*
- LIN  *4*
- OPC
- SPH
- JTH

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FPSC-BUREAU OF RECORDS

"Our business is customer satisfaction"

DOCUMENT NUMBER-DATE  
01667 FEB 13 1995  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost ) Docket No. 950007-EI  
Recovery Clause. ) Filed: Feb. 13, 1995  
\_\_\_\_\_)

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 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> (Direct)	<u>Subject Matter</u>	<u>Issues</u>
1. J. O. Vick (Gulf)	Environmental Compliance Activities, true-up and projections	1, 2, 4
2. S. D. Cranmer (Gulf)	Environmental Compliance Cost Recovery calculations true-up and projections	1, 2, 3, 4, 5, 6

DOCUMENT NUMBER-DATE

01667 FEB 13 95

FPSC-RECORDS/REPORTING

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>                    </u> (JOV-1)	Vick	ECR Investment Expenditures, Operations and Maintenance Expenses, Florida's Title V Program, Approval of Post-Closure/Closure Plan of Fly Ash Pond at Plant Daniel
<u>                    </u> (SDC-1)	Cranmer	Calculation of final true-up, 4/94 through 9/94; Calculation of true-up and interest provision, 4/94 through 9/94; Calculation of interest provision, 4/94 through 9/94; Recoverable ECR costs related to investment by Plant Expenditure item ("PE"), 4/94 through 9/94; Recoverable O & M costs by FERC account, 4/94 through 9/94
<u>                    </u> (SDC-2)	Cranmer	Total Recoverable Revenue Requirements, Plant Schedules, Recoverable Operations and Maintenance Expenses, Calculation of Environmental Cost Recovery Factors

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 cost for its environmental compliance activities for the period April 1995 through September 1995, 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 April, 1994 through September, 1994?

GULF: Over recovery \$72,442. (Vick, Cranmer)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period October, 1994 through March, 1994?

GULF: Over recovery \$312,005. (Vick, Cranmer)

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected/refunded during the period April, 1995 through September, 1995?

GULF: Refund of \$384,447 (excluding revenue taxes). (Cranmer)

ISSUE 4: What are the appropriate projected environmental cost amounts to be included in the recovery factors for the period April, 1995 through September, 1995?

GULF: \$5,756,000. (Vick, Cranmer)

**ISSUE 5:** What are the appropriate Environmental Cost Recovery Factors for each rate group?

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

<b>RATE CLASS</b>	<b>ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH</b>
RS, RST	0.136
GS, GST	0.135
GSD, GSDD, SBS	0.121
LP, LPT, SBS	0.112
PX, PXT, RPT, SBS	0.103
OSI, OSII	0.077
OSIII	0.110
OSIV	0.077

**ISSUE 6:** 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 April, 1995, through September, 1995. Billing cycles may start before April 1, 1994, and the last cycle may be read after September 30, 1995, so that each customer is billed for six months regardless of when the adjustment factor became effective. (Cranmer)

Company-Specific Environmental Cost Recovery Issues

ISSUE 9A: Should the Commission approve Gulf Power Company's request to recover the cost for dismantlement associated with ECRC investments through the Environmental Cost Recovery Clause? (STAFF)

GULF: Yes. The cost of dismantlement associated with capital projects that are included for recovery through the ECRC is simply one more facet of the cost of environmental compliance. Consistent with the letter and spirit of §366.8255 Florida Statutes, such costs are properly recoverable through ". . . an environmental cost recovery factor that is separate and apart from the utility's base rates." Beginning with its initial filing made in Docket 930613-EI, Gulf has included a component related to dismantlement costs as part of the revenue requirements to be addressed through the ECRC in all of the Company's projection filings. The Company has included dismantlement costs in its calculation of the ECRC over/under recovery since the inception of the clause. All of the Company's true-up filings to date have likewise included dismantlement costs.

Gulf is willing to defer this issue until the August hearings with the understanding that any adjustment to the Company's recovery amounts for periods prior to the Commission's decision on this issue would be addressed with interest through the true-up mechanism.

ISSUE 9B: Should the Commission approve Gulf Power Company's request to recover the cost for the Title V Permit Operation and Maintenance activity through the Environmental Cost Recovery Clause? (STAFF)

GULF: Agree with Staff.

ISSUE 9C: Should the Commission approve Gulf Power Company's request to recover the cost for the Plant Daniel Groundwater Monitoring Program through the Environmental Cost Recovery Clause? (STAFF)

GULF: Agree with Staff.

ISSUE 9D: Should Gulf Power Company be allowed to recover the cost of meals through the Environmental Cost Recovery Clause? (STAFF)

GULF: Agree with Staff.

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.

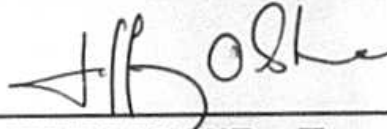
H. OTHER MATTERS:

GULF:

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 March 8-9, 1995, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 10th day of February, 1995.

Respectfully submitted,



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**Attorneys for Gulf Power Company**



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery )  
Clause )

Docket No. 950007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 13<sup>th</sup> day of February 1995 by U.S. Mail or hand delivery to the following:

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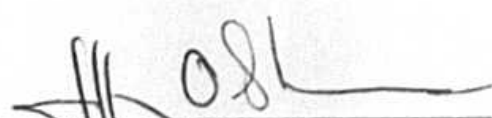
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