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MAIL ROOM

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

the southern electric system

January 22, 1996

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FILE COPY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Enclosed for official filing in Docket No. 960007-EI are an original and fifteen copies of the following:

00708-96. Petition of Gulf Power Company for Approval of Final Environmental Cost Recovery True-up Amounts for April 1995 through September 1995; Estimated Environmental Cost Recovery True-up Amounts for October 1995 through March 1996; Projected Environmental Cost Recovery Amounts for April 1996 through September 1996; and Environmental Cost Recovery Factors to be Applied Beginning with the Period April 1996 through September 1996.

00709-96 2. Prepared direct testimony of J. O. Vick.

00710-96 3. Prepared direct testimony of M. L. Gilchrist.

00711-96 4. Prepared direct testimony and exhibit of S. D. Cranmer.

ACK _____ Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

AFS _____
APP _____ Sincerely,

CAF _____
CMU _____
CIR _____
EAT _____
LEG _____
LEI _____
LFC _____
RCH _____
SEC _____
WAS _____
OTH _____

Jack L. Haskins

Beggs ab

Enclosures

Dist 43

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)

) Docket No. 960007-EI
)

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 22nd day of January 1996, by U.S. Mail or hand delivery to the following:

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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost) Docket No. 960007-EI
Recovery Clause.) Filed: January 22, 1996
_____)

PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR APRIL 1995 THROUGH SEPTEMBER 1995;
ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR OCTOBER 1995 THROUGH MARCH 1996;
PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS
FOR APRIL 1996 THROUGH SEPTEMBER 1996;
AND ENVIRONMENTAL COST RECOVERY FACTORS
TO BE APPLIED BEGINNING WITH THE PERIOD
APRIL 1996 THROUGH SEPTEMBER 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 April 1995 through September 1995; for approval of its estimated environmental cost recovery true-up amounts for the period October 1995 through March 1996; for approval of its projected environmental cost recovery amounts for the period April 1996 through September 1996; and for approval of environmental cost recovery factors to be applied in customer billings beginning with the period April 1996 through September 1996.

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

FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP

(1) By vote of the Commission following hearings in March 1995, projected environmental cost recovery amounts were approved by the Commission for the period April 1995 through September 1995,

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

subject to establishing the final environmental cost recovery true-up amounts. According to the data filed by Gulf for the period ending September 30, 1995, the final environmental cost recovery true-up amount for the period ending September 30, 1995, should be an actual over recovery of \$700,728. This amount 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 September 30, 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

(2) Gulf has calculated its estimated environmental cost recovery true-up amounts for the period October 1995 through March 1996. Based on two months actual and four months projected data, the Company's estimated environmental cost recovery true-up amount for the current period (October 1995 through March 1996) is an under-recovery of \$669,968. 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 September 30, 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, \$30,760, during the period of April 1996 through September 1996.

PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS

(3) Gulf has calculated its projected environmental cost recovery amounts for the months April 1996 through September 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 recoverable amount of \$5,920,060 projected for the period April 1996 through September 1996¹. The computations and supporting data for the Company's 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 of J. O. Vick also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the

¹This amount, \$5,920,060, is before taking into account the total environmental cost recovery true-up identified in paragraph 2 above. Consequently, the figure after taking into account the total true-up including revenue taxes is \$5,984,058.

allocation to rate classes is in accordance with the requirements of the Commission as set forth in Commission 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 April 1996 through September 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 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.

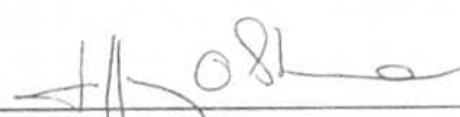
ENVIRONMENTAL COST RECOVERY FACTORS

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

RATE CLASS*	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST	0.138
GS, GST	0.136
GSD, GSDT, SBS	0.121
LP, LPT, SBS	0.112
PX, PXT, SBS	0.102
OSI, OSII	0.075
OSIII	0.110
OSIV	0.075
<p>*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; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.</p>	

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

Respectfully submitted the 14th day of January, 1996.



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