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February 7, 1996

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

RE Docket No. 960001-EI

Enclosed are an original and fifteen copies of the Prehearing Statement of Gulf Power Company

Also enclosed is a 3.5 inch double sided, high density diskette containing the Statement in WordPerfect for Windows 5.1 format as prepared on a MS-DOS based computer

Sincerely,


JEFFREY A. STONE
For The Firm

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Enclosures

cc Gulf Power Company
Jack L. Haskins

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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</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 true-up and projections	1, 2, 4,
3. S. D. Cranmer (Gulf)	Fuel Adjustment, true-up and projections;	1, 2, 3, 4 6, 7, 8, 9
4. G. D. Fontaine (Gulf)	GPIF, reward/penalty and targets and ranges	14, 15

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(MLG-1)</u>	Gilchrist	Coal Suppliers April 1995 - Sept. 1995
<u>(MLG-2)</u>	Gilchrist	Projected vs. Actual Fuel Cost March 1985 - Sept. 1996
<u>(SDC-1)</u>	Cranmer	Fuel Cost Recovery Final True-up Calculation
<u>(SDC-2)</u>	Cranmer	Schedules E-1 through E-12; H-1; A-1 through A-9 for June - Nov. 1995.
<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 present the best estimate of Gulf's fuel for the period April 1996 through September 1996 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 final fuel adjustment true-up amounts for the period April, 1995 through September, 1995?

GULF: Over recovery \$1,760,840. (Gilchrist, Howell, Cranmer)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period October, 1995 through March, 1996?

GULF: Under recovery \$496,180. (Gilchrist, Howell, Cranmer)

ISSUE 3: What are the total fuel adjustment true-up amounts to be refunded during the period April, 1996 through September, 1996?

GULF: \$1,264,660. (Cranmer)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1996 through September, 1996?

GULF: 2.166 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, 1996, through September, 1996. Billing cycles may start before April 1, 1996, and the last cycle may be read after September 30, 1996, 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 loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class?

GULF: See table below: (Cranmer)

Group	Rate Schedules*	Line Loss Multipliers
A	RS, GS, GSD, GSDT, SBS, OSIII, OSIV	1.01228
B	LP, LPT, SBS	0.98106
C	PX, PXT, SBS, RTP	0.96230
D	OSI, OSII	1.01228

*The multiplier 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.

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, GSDT, SBS OSIII, OSIV	2.193	2.644	1.980
B	LP, LPT, SBS	2.125	2.563	1.919
C	PX, PXT, SBS, RTP	2.084	2.514	1.882
D	OSI, OSII	2.039	N/A	N/A

*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.

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, 1996, through September, 1996?

GULF: 1.01609 (Cranmer)

ISSUE 9: Is it appropriate to recover the cost of SO2 emission allowances through the Fuel and Purchased Cost Recovery Clause?

GULF: The cost and revenue of SO2 emission allowances are more appropriately recovered through the Environmental

Cost Recovery Clause. However, if a utility is not participating in the ECRC, then it would be appropriate to recover these costs through the Fuel and Purchased Power Cost Recovery Clause. Although, at such time a utility begins participating in the ECRC, any SO₂ emission allowance costs should be removed from the Fuel clause and recovered through the ECRC. (Cranmer)

Company-Specific Fuel Adjustment Issues

Gulf Power Company

ISSUE 12A: Should Gulf Power Company recover costs associated with the partial buyout of its fuel supply contract for deliveries of Venezuelan/Illinois coal with Peabody Coal Company?

GULF: Yes. The buyout is expected to result in a net savings to Gulf's retail customers of approximately 9.2 million dollars.

ISSUE 12B: Should Gulf Power Company recover the cost of payments made to Georgia Power Company associated with the Seasonal Powder River Basin Fuel Program at Plant Daniel?

GULF: Yes. The payments were an integral part in facilitating the seasonal burn program at Plant Daniel. The seasonal burn program is expected to save Gulf's retail customers over 9 million dollars.

Generic Generating Performance Incentive Factor Issues

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1995 through September, 1995?

GULF: Penalty \$483,077. (Fontaine)

ISSUE 15: What should the GPIF targets/ranges be for the period April, 1996 through September, 1996?

GULF: See table below: (Fontaine)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	82.2	8.7	9.1	10,597
Crist 7	71.6	15.3	13.1	10,500
Smith 1	87.3	8.7	4.0	10,219
Smith 2	91.7	0.0	8.3	10,422
Daniel 1	92.8	0.0	7.2	10,493
Daniel 2	96.7	0.0	3.3	10,280

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

Company-Specific GPIF Issues

Gulf Power Company

NO COMPANY-SPECIFIC ISSUES WITH REGARD TO GULF POWER COMPANY HAVE BEEN RAISED IN THE PRELIMINARY LIST OF ISSUES AND POSITIONS SUBMITTED 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 February 20-21, 1996, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 7th day of February, 1996.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 960001-E1

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 5th day of February 1996 on the following:

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