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February 7, 1996

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. 960002-EG

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

ICK _____
FA _____
APP _____
DAF _____
DMU _____
DTR _____
EAG 6 _____
LEG 1 _____
LIN 3 _____
OPC _____
RCH _____
SEC 1 _____
WAS _____
OTH _____

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Enclosures

cc: Gulf Power Company
Jack L. Haskins

DOCUMENT NUMBER-DATE
01471 FEB-8 1996
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery)
Clause) Docket No. 960002-EG
_____) Filed: February 8, 1996

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-96-0016-PCO-EG issued January 5, 1996 and Rule 25-22.038(3), Florida Administrative Code, files this prehearing statement, saying:

A. APPEARANCES:

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 his testimony, are as follows:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Margaret D. Neyman	Components of Gulf's Conservation Plan and associated costs	All

DOCUMENT NUMBER-DATE

01471 FEB-88

FPSC-RECORDS/REPORTING

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(MDN-1)</u>	Neyman	Schedules CT-1 through CT-6
<u>(MDN-2)</u>	Neyman	Schedules C-1 through C-5
<u>(MDN-3)</u>	Neyman	The Business Edge--Program Summary
<u>(MDN-4)</u>	Neyman	Load Response Charts

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 ECCR factor presents the best estimate of Gulf's Conservation expense for the period April 1996 through March 1996, including the true-up calculations and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Energy Conservation Cost Recovery Issues

ISSUE 1: What is the final end-of-the-period true-up amount for the period October 1, 1994 through September 30, 1995?

GULF: Under recovery \$166,846. (Neyman)

ISSUE 2: What are the appropriate conservation cost recovery factors for the period April, 1996 through March, 1997?

GULF: See table below.

RATE CLASS*	CONSERVATION COST RECOVERY FACTORS ¢/KWH
RS, RST	0.044
GS, GST	0.044
GSD, GSDT, SBS	0.043
LP, LPT, SBS	0.041
PX, PXT, SBS, RTP	0.039
OSI, OSII	0.039
OSIII	0.042
OSIV	0.039

*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.

Company-Specific Conservation Cost Recovery Issues

Gulf Power Company

ISSUE 7: Should the Commission grant Gulf Power Company's request to implement The Business Edge, a new conservation program?

GULF: Yes. The new program is a supplement to the Commercial and Industrial Energy Audit and Technical Assistance Audit program. It is designed to provide energy conservation information to the businesses while involving the business owners and managers in the energy decisions of their companies. This program will supplement the Company's current commercial and industrial energy audit program and expand upon its success.

ISSUE 8: Should the Commission grant Gulf Power Company's request to change the method for allocating the costs of the Residential Advanced Energy Management (AEM) program from an energy basis to a demand basis?

GULF: Yes. The Commission should grant Gulf Power Company's request to change the method for allocating the costs of the Residential Advanced Energy Management (AEM) program from an energy basis to a demand basis. Order No. PSC-93-1845-FOF-EG defines dispatchable programs as "...those programs which the utility, at its discretion, can call upon to reduce load when capacity is needed for those(sic) system." Gulf's AEM is designed as a dispatchable program which the Company can call upon, at its discretion, to reduce load when capacity is needed. Gulf's pilot energy management program (TranstexT) demonstrated that customers respond and voluntarily reduce load when given the critical energy price signal by the Company. This price signal is sent to Gulf's AEM customers at the discretion of the Company. The load impacts are similar to those achievable through direct load control. AEM is clearly a dispatchable program oriented toward peak demand reduction.

ISSUE 9: Should Gulf Power Company's final true-up amount be reduced to reflect expenses incurred in the In Concert With The Environment program prior to the Commission's approval of the program?

GULF: No. Gulf's final true-up amount should not be reduced by \$33,335.34 which was incurred prior to the approval of the program. This expense, while incurred prior to approval of the program, was required in order to purchase and implement the program. Without this fee, the program could not have been implemented. The licensing fee was paid in three installments, two of which were paid prior to the program's approval. The entire licensing fee was included as an expense in the cost effectiveness calculations submitted with the demand side programs. The program was found to be cost effective. Therefore, because the program would not be possible without the licensing fee, the true-up should not be reduced and the entire amount of \$33,335.34 incurred prior to approval of the program should be approved for recovery.

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:

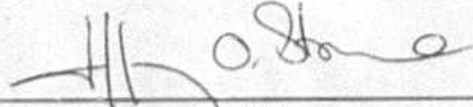
GULF: None.

H. OTHER MATTERS:

GULF: If other issues are raised for determination at the hearings set for February 21 and 22, 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: Conservation Cost Recovery)
_____)

Docket No. 960002-EG

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 8th day of February 1996 to the following:

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