

11/30

BEGGS & LANE

ATTORNEYS AND COUNSELLORS AT LAW

POST OFFICE BOX 12950
PENSACOLA, FLORIDA 32576-2950

SEVENTH FLOOR BLOUNT BUILDING
3 WEST GARDEN STREET
PENSACOLA, FLORIDA 32501
TELEPHONE (904) 432-2451
TELECOPIER (904) 469-3330

ROBERT P. GAINES
WILLIAM GUY DAVIS, JR.
W. SPENCER MITCHEM
JAMES M. WEBER
ROBERT L. CRONGEYER
JOHN F. WINDHAM
J. NIXON DANIEL, III
G. EDISON HOLLAND, JR.
RALPH A. PETERSON
GARY B. LEUCHTMAN
JOHN P. DANIEL
JEFFREY A. STONE
JAMES S. CAMPBELL
TERESA E. LILES
RUSSELL F. VAN SICKLE
RUSSELL A. BADDERS
DAVID J. BARBERIE

E. DIXIE BEGOS
Retired
BERT H. LANE
1917-1981

ORIGINAL
FILE COPY

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. 960007-E1

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.

ACK _____ Sincerely,

ATA _____
ASP _____
CAF _____
CND _____
COT _____
EAG *Buss* _____
LEO _____
LIN *3* _____
GPC _____
RCH _____
SEC _____
WTS _____
G _____


JEFFREY A. STONE
For The Firm

lw

Enclosures

cc: Gulf Power Company
Jack L. Haskins

DOCUMENT NUMBER-DATE

01472 FEB-8 1996

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost) Docket No. 960007-EI
Recovery Clause.) 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 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 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 10
2. S. D. Cranmer (Gulf)	Environmental Compliance Cost Recovery calculations, true-up and projections	1, 2, 3, 4, 5, 6 7, 8, 9

DOCUMENT NUMBER-DATE
01472 FEB-88
FPSC-RECORDS/REPORTING

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(SDC-1)</u>	Cranmer	Schedules 1A-8A
<u>(SDC-2)</u>	Cranmer	Schedules 42-1P through 42-7P, 42-1E through 42-8E

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 1996 through September 1996, 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, 1995 through September, 1995?

GULF: Over recovery \$700,728. (Vick, Cranmer)

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

GULF: Under recovery \$669,968. (Vick, Cranmer)

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected/refunded during the period April, 1996 through September, 1996?

GULF: Refund of \$30,760 (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, 1996 through September, 1996?

GULF:

\$5,928,949. (Vick, Cranmer)

ISSUE 5: 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, 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. (Cranmer)

ISSUE 6: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected during the period April, 1996 through September, 1996?

GULF: Agree with Staff.

ISSUE 7: How should the newly proposed environmental costs be allocated to the rate classes?

GULF: Inapplicable to Gulf Power Company.

ISSUE 8: What are the appropriate Environmental Cost Recovery Factors for each rate group?

GULF: See table below: (Cranmer)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST	0.136
GS, GST	0.135
GSD, GSDT, SBS	0.120
LP, LPT, SBS	0.111
PX, PXT, RTP, SBS	0.101
OSI, OSII	0.074
OSIII	0.109
OSIV	0.074

ISSUE 9: Should the Environmental Cost Recovery Clause true-up amounts be divided into energy and demand components based on actual project expenditures?

GULF: Agree with staff.

Company-Specific Environmental Cost Recovery Issues

ISSUE 10: Should the Commission approve recovery of Gulf Power Company's costs of Clean Air Act Compliance Studies through the Environmental cost Recovery Clause?

GULF: Yes. The only such costs which have been included within Gulf's calculation of its recoverable ECRC amounts and associated recovery factors are related to studies that were performed as a result of the Company's need to comply with the Clean Air Act Amendments in a cost effective prudent manner. The activities referred to in this issue represented a component of two projects. Both projects were implemented subsequent to the Company's last rate case in an effort to comply with subsequent changes to the Clean Air Act. The Commission has previously authorized Gulf to recover costs of both projects through the ECRC. The costs in question are incremental Clean Air Act compliance costs associated with these recoverable projects.

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 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,

Russell A. Badders

JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 007455
Beggs & Lane
P. O. Box 12950
(700 Blount Building)
Pensacola, FL 32576-2950
(904) 432-2451
Attorneys for Gulf Power Company

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 8th day of February 1996 by U.S. Mail or hand delivery to the following:

Vicki D. Johnson, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

Joseph A. McGlothlin, Esquire
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 S. Gadsden Street
Tallahassee FL 32301

Matthew M. Childs, Esquire
Steel, Hector & Davis
215 South Monroe, Suite 601
Tallahassee FL 32301-1804

John W. McWhirter, Esquire
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
P. O. Box 3350
Tampa FL 33601-3350

John Roger Howe, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Room 812
Tallahassee FL 32399-1400

Suzanne Brownless, Esquire
1311-B Paul Russell Road
Suite 202
Tallahassee FL 32301

Lee L. Willis, Esquire
Macfarlane, Ausley, Ferguson
& McMullen
P. O. Box 391
Tallahassee FL 32302



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 0007455

Beggs & Lane

P. O. Box 12950

Pensacola FL 32576

904 432-2451

Attorneys for Gulf Power Company