

Gulf Power Company
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ORIGINAL
FILE COPY

Susan D. Cranmer
Assistant Secretary and
Assistant Treasurer

the southern electric system

August 9, 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-EI

ACK _____ Enclosed are an original and fifteen copies of the Prehearing Statement of Gulf
AFA 3 _____ Power Company in the above docket.

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

CTE _____
EAG Base _____ Sincerely,

LEG 1 _____
LIN 3 _____
Susan D. Cranmer

OPC _____
RCH _____ lw

SEC 1 _____ Enclosure
WAS _____

OTH _____ cc: Beggs and Lane
Jeffrey A. Stone, Esquire

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost)
Recovery Clause.)
_____)

Docket No. 960007-EI
Filed: August 12, 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>	<u>Subject Matter</u>	<u>Issues</u>
	<u>(Direct)</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, 7, 8

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (SDC-1)	Cranmer	Schedules 1A-8A
_____ (SDC-2)	Cranmer	Schedules 42-1P through 42-7P; 42-1PA through 42-7PA; 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 October 1996 through September 1997, including the true-up calculations and other adjustments allowed by the Commission.

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 October, 1995 through March, 1996?
- GULF:** Over recovery \$686,617. (Vick, Cranmer)
-
- ISSUE 2:** What are the estimated environmental cost recovery true-up amounts for the period April, 1996 through September, 1996?
- GULF:** Over recovery \$399,066. (Vick, Cranmer)
-
- ISSUE 3:** What are the total environmental cost recovery true-up amounts to be refunded during the next recovery period?
- GULF:** Refund of \$1,085,683. (excluding revenue taxes). (Cranmer)
-
- ISSUE 4:** What are the appropriate projected environmental cost amounts to be included in the recovery factors for the next recovery period?
- GULF:** \$4,579,828 (six-month factors for October 1996 through March 1997);
\$9,974,077 (twelve-month factors for October 1996 through September 1997)¹.
(Vick, Cranmer)

¹See Gulf Power Company Specific Issue 8 herein. Gulf is requesting permission to change the recovery period to a twelve month cycle.

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 October 1996 through March 1997. Billing cycles may start before October 1, 1996 and the last cycle may be read after March 31, 1997 so that each customer is billed for six months regardless of when the adjustment factor became effective. (Cranmer)

If Gulf's request for authority to implement annual environmental cost recovery factors is approved, the new environmental cost recovery factors should be effective beginning with the specified billing cycle and thereafter for the billing period October 1996 through September 1997. Billing cycles may start before October 1, 1996 and the last billing cycle may be read after September 30, 1997 so that each customer is billed for the twelve months regardless of when the environmental cost recovery factors became effective. (Cranmer)

ISSUE 6:

What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts to be collected during the period October, 1996 through March 1997?

GULF:

The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Cranmer)

ISSUE 7: What are the appropriate Environmental Cost Recovery Factors for each rate group?

GULF: See table below: (Cranmer)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH	
	Traditional Six-Month (Oct-Mar)	Proposed Twelve-Month (Oct-Sept)
RS, RST	0.128	0.124
GS, GST	0.126	0.122
GSD, GSDT	0.112	0.109
LP, LPT	0.106	0.103
PX, PXT, RTP	0.098	0.095
OSI, OSII	0.083	0.081
OSIII	0.103	0.100
OSIV	0.141	0.136
SBS	0.106	0.103

Company-Specific Environmental Cost Recovery Issues

Gulf Power Company²

ISSUE 8: Should the Commission approve Gulf Power Company's request to change the recovery cycle for purposes of the environmental cost recovery clause from two six-month periods (October through March; April through September) to a twelve month recovery cycle (October through September) with the factors to be set annually in August?

Gulf: Yes. (Cranmer)

² In the event any other Gulf Power Company specific issues are raised, Gulf Power reserves the right to respond to those issues at or prior to the prehearing conference in this matter.

F. STIPULATED ISSUES

GULF: 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 August 29-30, 1996, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 9th day of August, 1996.

Respectfully submitted,



JEFFREY A. STONE

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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 9th day of August 1996 by U.S. Mail or hand delivery to the following:

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