

Gulf Power Company
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ORIGINAL
FILE COPY

Linda G. Malone
Assistant Secretary and
Assistant Treasurer

the southern electric system

January 24, 1997

97 JAN 25 10 01
MAIL ROOM

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. 970001-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Prehearing Statement to be filed in the above docket.

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

ACK _____ Sincerely,

AFA 1

APP _____
CAF _____ *Linda G. Malone*

CMU _____ lw

CTR _____

EAG _____ Enclosures

LEG 1

LIN 3

OPC _____

RCH _____

SEC 1

WAS _____

OTH _____

cc: Beggs and Lane
Jeffrey A. Stone, Esquire
Gulf Power Company
Susan D. Cranmer
RECEIVED & FILED

DOCUMENT NUMBER-DATE

01085 JAN 28 5

EPSC-BUREAU OF RECORDS

FPSC-RECORDS/REPORTING

Our business is customer satisfaction

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clauses and) Docket No. 970001-EI
Generating Performance Incentive) Filed: January 27, 1997
Factor)
_____)

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.

DOCUMENT NUMBER-DATE

01085 JAN 28 5

403

FPSC-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. F. Oaks (Gulf)	Fuel Adjustment, true-up and projections	1, 2, 4
2. S. D. Cranmer (Gulf)	Fuel Adjustment, true-up and projections	1, 2, 3, 4, 5, 6, 7, 8
3. G. D. Fontaine (Gulf)	GPIF, reward/penalty and targets and ranges	14, 15
4. M. W. Howell (Gulf)	Purchased Power -- energy purchases and sales, projections	1, 2, 4

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(MFO-1)</u>	Oaks	Gulf Power Company Coal Suppliers April 1996 - September 1996
<u>(MFO-2)</u>	Oaks	Projected vs. actual fuel cost of generated power March '88 - September '97
<u>(SDC-1)</u>	Cranmer	Calculation of fuel cost recovery final true-up, 4/96 through 9/96.
<u>(SDC-2)</u>	Cranmer	Schedules E-1 through E-11, H-1; A- 1 through A-9 for June '96 - Nov '96
<u>(GDF-1)</u>	Fontaine	Gulf Power Company GPIF Results Oct. '96 - March '97
<u>(GDF-2)</u>	Fontaine	Gulf Power Company GPIF Targets and Ranges April '97 - Sept. '97

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 expense for the period April 1997 through September 1997 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, 1996 through September, 1996?
- GULF: Over recovery \$3,892,089. (Oaks, Howell, Cranmer)
- ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period October, 1996 through March, 1997?
- GULF: Under recovery \$2,698,394. (Oaks, Howell, Cranmer)
- ISSUE 3: What are the total fuel adjustment true-up amounts to be refunded during the period April, 1997 through September, 1997?
- GULF: Over recovery \$1,193,695. (Cranmer)
- ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1997 through September, 1997?
- GULF: 2.154¢/KWH. (Oaks, Howell, Cranmer)

ISSUE 5: What should be the effective date of the new fuel adjustment charge, oil backout charge and capacity cost recovery charge for billing purposes?

GULF: The factors should be effective beginning with the specified billing cycle and thereafter for the period April, 1997 through September, 1997. Billing cycles may start before April 1, 1997 and the last cycle may be read after September 30, 1997 so that each customer is billed for six months regardless of when the adjustment factor became effective. (Cranmer)

ISSUE 6: What are the appropriate fuel recovery line 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, SBS OSIII, OSIV	1.01228
B	LP, SBS	0.98106
C	PX, PXT, RTP, SBS	0.96230
D	OSI, OSII	1.01228

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, SBS, OSIII, OSIV	2.180	2.662	1.952
B	LP, SBS	2.113	2.580	1.892
C	PX, RTP, SBS	2.073	2.531	1.856
D	OSI, OSII	2.014	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, 1997 through September, 1997?

Gulf: 1.01609 (Cranmer)

Company-Specific Fuel Adjustment 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 AND RECEIVED BY GULF POWER COMPANY PRIOR TO THE FILING OF THIS PREHEARING STATEMENT

Generic Generating Performance Incentive Factor Issues

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1997 through September, 1997?

GULF: \$82,198 reward. (Fontaine)

ISSUE 15: What should the GPIF targets/ranges be for the period April, 1997 through September, 1997?

GULF: See table below: (Fontaine)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	84.4	8.7	6.9	10,833
Crist 7	80.0	8.7	11.3	10,499
Smith 1	96.2	0.0	3.8	10,244
Smith 2	82.6	10.4	7.0	10,406
Daniel 1	87.8	4.9	7.3	10,253
Daniel 2	91.9	4.9	3.2	10,062

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

Company-Specific GPIF Issues

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 AND RECEIVED BY GULF POWER COMPANY PRIOR TO THE FILING OF THIS PREHEARING STATEMENT

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 19-21, 1997, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 24th day of January, 1997.

Respectfully submitted,



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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 970001-EI

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 24th day of January 1997 on the following:

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