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June 20, 1997

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:

Enclosed for official filing in Docket No. **970007-EI** are an original and ten copies of the following:

1. Petition of Gulf Power Company for Approval of Final Environmental Cost Recovery True-up Amounts for April 1996 through September 1996; Estimated Environmental Cost Recovery True-up Amounts for October 1996 through September 1997; Projected Environmental Cost Recovery Amounts for October 1997 through September 1998, and Environmental Cost Recovery Factors to be applied beginning with the period October 1997 through September 1998. *06261-97*
2. Prepared direct testimony of J. O. Vick. *06262-97*
3. Prepared direct testimony and exhibit of S. D. Cranmer. *06263-97*

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

ACK _____
AFA *Vander* Sincerely,
AFC _____
CAF _____ *Susan D. Cranmer*
CMB _____ Susan D. Cranmer
CMT _____ Assistant Secretary and Assistant Treasurer
EAP *lw*
LEA *1*
LEB *3 cc's* Enclosures
OFC _____ cc: Beggs and Lane
RCR _____ Jeffrey A. Stone, Esquire
SEL *1* *Petition*
WAS _____ DOCUMENT NUMBER-DATE
OTH _____ 06261 JUN 23 5

FRESH COPY BEING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 970007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 20th day of June 1997 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

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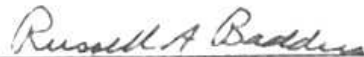
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ORIGINAL
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost) Docket No. 970007-EI
Recovery Clause.) Filed: June 23, 1997
_____)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR APRIL 1996 THROUGH SEPTEMBER 1996;
ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNTS
FOR OCTOBER 1996 THROUGH SEPTEMBER 1997;
PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS
FOR OCTOBER 1997 THROUGH SEPTEMBER 1998;
AND ENVIRONMENTAL COST RECOVERY FACTORS
TO BE APPLIED BEGINNING WITH THE PERIOD
OCTOBER 1997 THROUGH SEPTEMBER 1998**

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby petitions this Commission for approval of the Company's final environmental cost recovery true-up amounts for the period April 1996 through September 1996; for approval of its estimated environmental cost recovery true-up amounts for the period October 1996 through September 1997; for approval of its projected environmental cost recovery amounts for the period October 1997 through September 1998; and for approval of environmental cost recovery factors to be applied in customer billings beginning with the period October 1997 through September 1998. As grounds for the relief requested by this petition, the Company would respectfully show:

DOCUMENT NUMBER DATE

06261 JUN 23 97

FILED IN CASE NO. 97-0007-EI

(1) Notices and communications with respect to this petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Susan D. Cranmer
Assistant Secretary and
Assistant Treasurer
Rates & Regulatory Matters
Gulf Power Company
P. O. Box 13470
Pensacola, FL 32591-3470

FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP

(2) By vote of the Commission following hearings in August 1996, projected environmental cost recovery amounts were approved by the Commission for the period October 1996 through September 1997, subject to establishing the final environmental cost recovery true-up amounts. According to the data filed by Gulf for the period ending September 30, 1996, the actual environmental cost recovery true-up amount for the period ending September 30, 1996, should be an over recovery of \$924,739 instead of the estimated over recovery amount of \$399,066 as approved previously by the Commission. The difference between these two amounts, \$525,673, is submitted for approval by the Commission to be refunded in the October 1997 through September 1998 period. The supporting data has been prepared in accordance with the uniform system of accounts as applicable to the Company's environmental cost recovery and fairly presents the Company's environmental costs to be considered for recovery through the Environmental Cost Recovery Clause("ECRC") for the period. The environmental activities and related expenditures

reflected in the true-up amounts shown for the period ending September 30, 1996 are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to Gulf Power Company and therefore, the amounts identified are prudent expenditures which have been incurred for utility purposes.

ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP

(3) Gulf has calculated its estimated environmental cost recovery true-up amounts for the period October 1997 through September 1998. Based on seven months actual and five months projected data, the Company's estimated environmental cost recovery true-up amount for the current period (October 1996 through September 1997) is \$90,646 over recovery. The estimated environmental cost recovery true-up for the current period is combined with the net final environmental cost recovery true-up for the period ending September 30, 1996 to reach the total environmental cost recovery true-up to be addressed in the factors for the next cost recovery period. The proposed environmental cost recovery factors reflect the refund of this total environmental cost recovery true-up amount excluding revenue taxes, \$616,319, during the October 1997 through September 1998 recovery period.

PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS

(4) Gulf has calculated its projected environmental cost recovery amounts for the months October 1997 through September

1998 in accordance with the principles and policies for environmental cost recovery found in §366.8255 of the Florida Statutes and Commission Order No. PSC-93-0044-FOF-EI. The factors reflect the recovery of the net environmental cost recovery amount of \$11,291,056 for the period October 1997 through September 1998.

The computations and supporting data for the Company's environmental cost recovery factors are set forth on Schedules attached as part of the exhibit to the testimony of S. D. Cranmer filed herewith. Additional supporting data for the environmental cost recovery factors is provided in the testimony of J. O. Vick also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the allocation to rate classes is in accordance with the requirements of the Commission as set forth in Order No. PSC-94-0044-FOF-EI. The amounts included in the factors for the projection period are based on reasonable projections of the costs for environmental compliance activities that are expected to be incurred during the period October 1997 through September 1998. The proposed factors and supporting data have been prepared in accordance with the uniform system of accounts and fairly present the Company's best estimate of environmental compliance costs for the projected period. The activities described in the testimony and exhibits of Mr. Vick are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to Gulf Power Company and the projected costs resulting from the

described compliance activities are also reasonable and necessary. Therefore, the costs identified are prudent expenditures which have been or will be incurred for utility purposes and for which the Company should be allowed to recover the associated revenue requirements.

ENVIRONMENTAL COST RECOVERY FACTORS

(5) The proposed environmental cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST	0.138
GS, GST	0.136
GSD, GSDT	0.118
LP, LPT	0.111
PX, PXT, RTP	0.101
OSI, OSII	0.082
OSIII	0.107
OSIV	0.154
SBS	0.112

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final environmental cost recovery true-up amounts for the period April 1996 through September 1996; the estimated environmental cost recovery true-up amounts for the period October 1996 through September 1997; the projected environmental cost recovery amounts for the period October 1997 through September 1998; and the environmental cost recovery factors to be applied in customer billings beginning with the period October 1997 through September 1998.

Respectfully submitted the 20th day of June, 1997.

Russell A. Badders

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