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Original
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July 21, 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:

Re: Docket No. **970001-EI**

Enclosed are an original and ten copies of the Preliminary Statement of Gulf Power Company regarding Issues and Positions 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 _____
AFA Handwritten Sincerely,
APP _____ Susan D. Cranmer
CAF _____
CMU _____ Susan D. Cranmer
CTR _____ Assistant Secretary and Assistant Treasurer
EAT Handwritten
LEG 1
LIN 3 Enclosures
OFC _____ cc: Beggs and Lane
ROB _____ Jeffrey A. Stone, Esquire
SEC 1
WAS _____
OTH _____

DOCUMENT NUMBER-DATE

07323 JUL 22 6

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clauses and)
Generating Performance Incentive)
Factor)
_____)

Docket No. 970001-EI
Filed: July 22, 1997

**PRELIMINARY STATEMENT OF GULF POWER COMPANY
REGARDING ISSUES AND POSITIONS**

Gulf Power Company, ("Gulf Power", "Gulf", or "the "Company"), by and through its undersigned attorneys, hereby files this preliminary statement of issues and positions, saying:

Generic Fuel Adjustment Issues

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period October, 1996 through March, 1997?

GULF: Under recovery \$3,165,271. (Oaks, Howell, Cranmer)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period April, 1997 through September, 1997?

GULF: Under recovery \$857,475. (Oaks, Howell, Cranmer)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period October, 1997 through March, 1998?

GULF: Under recovery \$4,022,746. (Cranmer)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period October, 1997 through March, 1998?

GULF: 2.131¢/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?

The new fuel factors should be effective beginning with the specified billing cycle and thereafter for the period October, 1997, through March, 1998. Billing cycles may start before October 1, 1997, and the last cycle may be read after March 31, 1998, so that each customer is billed for six months regardless of when the adjustment factor became effective.

The new capacity cost recovery factors should be effective beginning with the specified billing cycle and thereafter for the period October, 1997, through September, 1998. Billing cycles may start before October 1, 1997, and the last cycle may be read after September 30, 1998, so that each customer is billed for twelve months regardless of when the capacity cost recovery factor became effective.

ISSUE 6:

What are the appropriate fuel recovery loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class?

GULE:

See table below: (Cranmer)

Group	Rate Schedules	Line Loss Multipliers
A	RS, GS, GSD, SBS, OSIII, OSIV	1.01228
B	LP, LPT, 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?

GULE:

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	2.157	2.231	2.130
B	LP, LPT, SBS	2.091	2.162	2.064
C	PX, PXT, RTP, SBS	2.051	2.121	2.025
D	OSI, OSII	2.152	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.

Company-Specific Fuel Adjustment Issues

NONE RAISED BY GULF POWER COMPANY

Generic Generating Performance Incentive Factor Issues

ISSUE 13: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1996 through March, 1997?

GULF: \$11,349 reward. (Fontaine)

ISSUE 14: What should the GPIF targets/ranges be for the period October, 1997 through March, 1998?

GULF: See table below: (Fontaine)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	78.6	16.5	4.9	10,975
Crist 7	83.2	4.9	11.9	10,521
Smith 1	92.3	5.0	2.7	10,264
Smith 2	79.6	17.6	2.8	10,318
Daniel 1	67.8	18.7	13.6	10,428
Daniel 2	88.4	4.9	6.7	10,235

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

Company-Specific GPIF Issues

NONE RAISED BY GULF POWER COMPANY

Generic Capacity Cost Recovery Issues

- ISSUE 19:** What is the final purchased power capacity cost recovery true-up amount for the period October, 1995 through September, 1996.?
- GULF:** Over recovery of \$172,788, which was included in Gulf's mid-course correction filing dated November 22, 1996. Therefore \$0 is included to be refunded in the period October 1997 through September 1998. (Howell, Cranmer)
- ISSUE 20:** What is the estimated purchased power capacity cost recovery true-up amount for the period October, 1996 through September, 1997?
- GULF:** Over recovery of \$2,791,701 is currently estimated for the period. However, an estimated over recovery of \$3,315,668 was included in Gulf's mid-course correction filed November 22, 1996. The difference between these two amounts, \$523,967, should be collected in the period October 1997 through September 1998. (Howell, Cranmer)
- ISSUE 21:** What is the total capacity cost recovery true-up amount to be collected during the period October, 1997 through September, 1998?
- GULF:** Under recovery \$523,967. (Cranmer)
- ISSUE 22:** What is the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period October, 1997 through September, 1998?
- GULF:** \$4,013,394. (Howell, Cranmer)

ISSUE 23: What are the appropriate capacity cost recovery factors for the period October, 1997 through September, 1998?

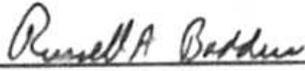
GULE: See table below: (Cranmer)

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RST	.054
GS, GST	.052
GSD, GSDT	.039
LP, LPT	.035
PX, PXT, RTP	.029
OSI, OSII	.013
OSIII	.031
OSIV	.065
SBS	.037

Company-Specific Capacity Cost Recovery Issues

NONE RAISED BY GULF POWER COMPANY

Respectfully submitted this 21st day of July, 1997.



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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 21st day of July 1997 on the following:

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