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February 5, 1998

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1917-1981

William C. Keating, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

RE: Docket No. 980002-EG; Draft Prehearing Order

Dear Mr. Keating:

Pursuant to your memo dated February 3, 1998, here is Gulf Power Company's position on the following issue in this docket:

ISSUE: Should the Commission approve a change in the future hearing schedule for this ongoing docket to coincide with any changes approved by the Commission in Docket No. 980001-EI?

Gulf Power: Yes, if the Commission approves a change in Docket No. 980001-EI to annual factors established on a calendar year basis. Gulf Power favors the application of 12 month cost recovery factors established on a calendar year basis in all ongoing cost recovery dockets involving electric utilities (Dockets 980001-EI, 980002-EG, and 980007-EI). Holding annual hearings in all such dockets is administratively more efficient. Use of a calendar year cycle allows affected customers a better opportunity to incorporate accurate annual energy costs into their budget plans and, in general, is more consistent with Gulf Power's internal budgeting process.

After such a change is fully implemented, the Commission should hold hearings in mid to late November each year to establish cost recovery factors to be effective for the coming calendar year. The prehearing conference for such a hearing should be held at the beginning of November. Based on these dates for the prehearing and hearing, the utilities should make their projection filings (including estimated true-up) in early October. Final true-up filings for the previous calendar year recovery period could be filed as early as March 31. This

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William C. Keating, Esquire
Re: 980002-EG
February 5, 1998

would allow the Commission's audit staff the opportunity to efficiently schedule their field work associated with the Commission's audit of the various cost recovery clauses.

If the Commission decides to make the suggested change to annual calendar year factors in the fuel and purchased power cost recovery hearings (Docket No. 980001-EI) effective January 1, 1999, Gulf Power would propose that the conservation cost recovery clause (Docket No. 980002-EG) make the transition to a calendar year basis by January 1, 2000. This would allow time for the necessary rule changes required for this docket and would allow further examination of the question to smooth the transition from 12-month conservation cost recovery factors effective April through March to 12-month factors effective January through December.

Please include Gulf Power's position on this issue in the draft prehearing order. If you have any questions, please contact us.

Very truly yours,



Russell A. Badders
For the Firm

Cc: Counsel of Record

RAB/js