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ORIGINAL



July 17, 1998

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. 980007-E1

Enclosed are an original and ten copies of the Preliminary Statement of Gulf Power Company Regarding Issues and Positions 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 Windows NT based computer.

Sincerely,

Susan D. Cranmer

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane
J. A. Stone, Esquire

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07576 JUL 20 86
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 980007-EI
 Filed: July 17, 1998

**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 Environmental Cost Recovery Issues

ISSUE 1: What are the appropriate final environmental cost recovery true-up amounts for the period October, 1996 through September, 1997?

GULF: Over recovery \$359,554. (Vick, Cranmer)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period October, 1997 through September, 1998?

GULF: Over recovery \$420,896. (Vick, Cranmer)

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected/refunded during the next recovery period?

GULF: See Gulf-Specific Issue 7. (Cranmer)

ISSUE 4: What are the appropriate projected environmental cost amounts to be included in the recovery factors for the next recovery period?

GULF: See Gulf-Specific Issue 7. (Cranmer)

ISSUE 5: What are the appropriate Environmental Cost Recovery Factors for each rate group?

GULF: Gulf proposes that the currently approved factors be allowed to remain in effect through December 31, 1998. See Gulf-Specific Issue 7. (Cranmer)

DOCUMENT NUMBER-DATE

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FILED-RECORDS/REGISTRATION

ISSUE 6: What should be the effective date of the new environmental cost recovery factors for billing purposes?


GULF: Gulf proposes that the currently approved factor be allowed to remain in effect through December 31, 1998. See Gulf-Specific Issue 7. (Cranmer)

Company-Specific Environmental Cost Recovery Issues

ISSUE 7: Should Gulf Power Company's proposal that the approved factors in effect for the Company's fuel cost recovery clause, capacity cost recovery clause, and environmental cost recovery clause for the period ending September 1998 remain in effect until December 31, 1998 be approved?

GULF: Yes. This will provide stability in rates for Gulf's customers by avoiding one change in factors for the three month transitional period to be followed by another change in factors effective January 1, 1999. Overall, the calculated factors for all three clauses combined would constitute an increase of approximately 1% over the combined factors currently in effect. Deferral of this 1% percent increase for three months has no material impact on Gulf's customers. Deferral would minimize the potential for customer confusion that would otherwise result from increasing one set of factors (purchased power capacity) and decreasing two others (fuel & purchased energy and environmental) with only a minimal overall change. In addition, deferral would allow the Company to avoid the administrative activities required to implement changes in the factors effective October 1998.

Respectfully submitted this 17th day of July, 1998.



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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 980007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 17th day of July 1998 by U.S. Mail or hand delivery to the following:

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