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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. 980001-EI

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,

ACK _____
AFN Vandura *Susan D. Cranmer*
APP _____ Susan D. Cranmer
CSE _____ Assistant Secretary and Assistant Treasurer
CWA _____ lw
CTE _____
ENC 1 Enclosure
LE 1
LI 3 cc: Beggs and Lane
 J. A. Stone, Esquire
OI _____
RO _____
SEL 1
WAS _____
OTH _____

DOCUMENT NUMBER + DATE

07577 JUL 20 88

FPSC - RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 980001-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 Fuel Adjustment Issues

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period October, 1997 through March, 1998?

GULF: Under recovery \$225,379. (Oaks, Howell, Cranmer)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period April, 1998 through September, 1998?

GULF: Over recovery \$1,097,022. (Oaks, Howell, Cranmer)

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

GULF: See Gulf-Specific Issue 8. (Cranmer)

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

GULF: Gulf proposes that the currently approved factors be allowed to remain in effect through December 31, 1998. See Gulf-Specific Issue 8. (Cranmer)

DOCUMENT NUMBER - DATE

07577 JUL 20 88

FPSC-RECORDS/REPORTING

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 proposes that the currently approved factors be allowed to remain in effect through December 31, 1998. See Gulf-Specific Issue 8.(Cranmer)

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?

GULF: 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?

GULF: Gulf proposes that the currently approved factors be allowed to remain in effect through December 31, 1998. See Gulf-Specific Issue 8. (Cranmer)

Company-Specific Fuel Adjustment Issues

ISSUE 8: 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.

Generic Generating Performance Incentive Factor Issues

ISSUE 13: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1997 through March, 1998?

GULF: \$62,632 reward. (Fontaine)

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

GULF: See table below: (Fontaine)

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	85.9	9.8	4.3	10,737
Crist 7	76.8	9.8	13.4	10,156
Smith 1	98.1	0	1.9	10,207
Smith 2	87.1	9.8	3.1	10,246
Daniel 1	17.3	80.4	2.2	10,655
Daniel 2	83.1	9.8	7.2	10,300

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, 1996 through September, 1997?
- GULF:** Over recovery of \$1,478,455. (Howell, Cranmer)
- ISSUE 20:** What is the estimated purchased power capacity cost recovery true-up amount for the period October, 1997 through September, 1998?
- GULF:** Under recovery of \$2,389,778. (Howell, Cranmer)
- ISSUE 21:** What is the total capacity cost recovery true-up amount to be collected during the period October, 1998 through December, 1998?
- GULF:** See Gulf-Specific Issue 8 above. (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, 1998 through December, 1998?
- GULF:** See Gulf-Specific Issue 8 above. (Cranmer)
- ISSUE 23:** What are the appropriate capacity cost recovery factors for the period October, 1998 through December, 1998?
- GULF:** Gulf proposes that the currently approved factors be allowed to remain in effect through December 31, 1998. See Gulf-Specific Issue 8.

Company-Specific Capacity Cost Recovery Issues
See Gulf-Specific Issue 8 above.

Respectfully submitted this 17th day of July, 1998.



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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. 980001-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 17th day of July 1998 on the following:

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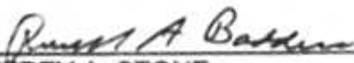
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