

ORIGINAL



October 9, 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:

Enclosed for official filing in Docket No. 980001-EI are an original and ten copies of the following:

1. Petition of Gulf Power Company for Approval of GPIF Adjustment for October 1997 through March 1998; Estimated Fuel Cost True-up Amounts for April 1998 through September 1998 and for October 1998 through December 1998; Projected Fuel Cost Recovery Amounts for January 1999 through December 1999; Estimated Purchased Power Capacity Cost True-up Amounts for October 1997 through September 1998 and for October 1998 through December 1998; Projected Purchased Power Capacity Cost Recovery Amount for January 1999 through December 1999; GPIF Targets and Ranges for October 1998 through December 1998 and for January 1999 through December 1999; Estimated As-available Avoided Energy Costs and Fuel Cost Recovery Factors to be applied beginning with the period January 1999 through December 1999; Capacity Cost Recovery Factors to be applied beginning with the period January 1999 through December 1999.

2. Prepared direct testimony and exhibit of M. F. Oaks. 11369-98
3. Prepared direct testimony and exhibit of G. D. Fontaine. 11370-98
4. Prepared direct testimony and exhibit of M. W. Howell. 11371-98
5. Prepared direct testimony and exhibit of S. D. Cranmer. 11372-98

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Petition
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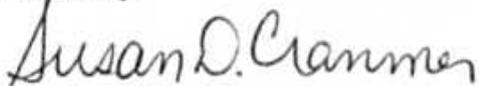
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FPSC-RECORDS/REPORTING

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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 NT computer.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Cranmer".

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

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) Docket No.: 980001-EI
) Filed: October 12, 1998
)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
GPIF ADJUSTMENT FOR OCTOBER 1997 THROUGH MARCH 1998;
ESTIMATED FUEL COST TRUE-UP AMOUNTS
FOR APRIL 1998 THROUGH SEPTEMBER 1998
AND FOR OCTOBER 1998 THROUGH DECEMBER 1998;
PROJECTED FUEL COST RECOVERY AMOUNTS
FOR JANUARY 1999 THROUGH DECEMBER 1999;
ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR OCTOBER 1997 THROUGH SEPTEMBER 1998
AND FOR OCTOBER 1998 THROUGH DECEMBER 1998;
PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNT
FOR JANUARY 1999 THROUGH DECEMBER 1999;
GPIF TARGETS AND RANGES FOR OCTOBER 1998 THROUGH DECEMBER 1998
AND FOR JANUARY 1999 THROUGH DECEMBER 1999;
ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS AND FUEL COST
RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE PERIOD
JANUARY 1999 THROUGH DECEMBER 1999;
CAPACITY COST RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE
PERIOD JANUARY 1999 THROUGH DECEMBER 1999**

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

Jeffrey A. Stone
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Pensacola, FL 32576-2950

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

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 GPIF adjustment for the period October 1997 through March 1998; for the approval of its estimated fuel cost true-up amounts for the periods April 1998 through September 1998 and October 1998

through December 1998; for approval of its projected fuel cost recovery amounts for the period January 1999 through December 1999; for approval of its estimated purchased power capacity cost true-up amounts for the periods October 1997 through September 1998 and October 1998 through December 1998; for approval of its projected purchased power capacity cost recovery amounts for the period January 1999 through December 1999; for approval of its GPIF targets and ranges for October 1998 through December 1998 and for January 1999 through December 1999; for approval of its estimated as-available avoided energy costs for QFs; for approval of its fuel cost recovery factors to be applied beginning with the period January 1999 through December 1999; and for approval of its capacity cost recovery factors to be applied beginning with the period January 1999 through December 1999.

As grounds for the relief requested by this petition, the Company would respectfully show:

(1) The recovery periods identified in this petition reflect the Commission's Order Approving Change in Frequency and Timing of Cost Recovery Hearings, Order no. PSC-98-0691-FOF-PU, issued in Docket no. 980269-PU on May 19, 1998 ("Frequency Change Order"). The Frequency Change Order became final by its own terms on June 9, 1998. The testimony and exhibits submitted in conjunction with this petition show the calculation of new fuel and purchased energy cost recovery factors and purchased power capacity cost recovery factors for the recovery period January 1999 through December 1999.

GPIF ADJUSTMENT

(2) On May 20, 1998, Gulf filed the testimony and exhibit of G. D. Fontaine containing the Company's actual operating results for the period October 1997 through March

1998. Based on the actual operating results for the period October 1997 through March 1998, Gulf should receive a reward in the amount of \$62,632. The methodology used by Gulf in determining the various factors required to compute the GPIF is in accordance with the requirements of the Commission.

ESTIMATED FUEL COST TRUE-UP

(3) Gulf has calculated its estimated fuel cost true-up amount for the periods April 1998 through September 1998 and October 1998 through December 1998. Based on five months actual experience and one month projected data, the Company's estimated fuel cost true-up amount for the period April 1998 through September 1998 is an under recovery of \$3,743,611. This amount is offset by the estimated over-recovery of \$1,097,022 for the period April 1998 through September 1998 already being refunded in the current period of October through December 1998 as approved in Order No. PSC-98-1223-FOF-EI dated September 17, 1998 in this docket. Based on three months of projected data, the Company's estimated fuel cost true-up amount for the period October 1998 through December 1998 is an over-recovery of \$456,058. The supporting data is provided in the testimony and schedules of S. D. Cranmer filed herewith. Gulf is requesting that the Commission approve the total true-up under-recovery amount, \$4,384,575, for collection during the period of January 1999 through December 1999.

PROJECTED FUEL COST RECOVERY AMOUNTS

(4) Gulf has calculated its projected fuel cost recovery amounts for the months January 1999 through December 1999 for fuel and purchased energy in accordance with the procedures set out in this Commission's Orders Nos. 6357, 7890, 7501, and 9273 of Docket No.

74680-EI and with the orders entered in this ongoing cost recovery docket. The computations thereof are attached as Schedule E-1 of the exhibit to the testimony of S. D. Cranmer filed herewith. Included within the Company's projected cost recovery is the special contract recovery amount of \$123,682 determined in accordance with this Commission's Order Nos. 19613 and 25148, as shown on Schedule E-12. The supporting data prepared in accordance with the Commission Staff's suggested procedures and format is attached as Schedules E-1 through E-12 of the exhibit to the testimony of S. D. Cranmer filed herewith. Said schedules are by reference made a part hereof. The proposed amounts and supporting data have been prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost projection procedures and fairly present the Company's best estimate of fuel and purchased energy expense for the projected period. Amounts projected by the Company for fuel and purchased energy are reasonable and prudent, and the Company continues to make every effort to secure the most favorable price for all of the fuel it purchases and for its purchased energy.

ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP

(5) Gulf has calculated its estimated purchased power capacity cost true-up amount for the periods October 1997 through September 1998 and October 1998 through December 1998. Based on eleven months actual and one month projected data, the Company's estimated capacity cost true-up amount for the period October 1997 through September 1998 is an under-recovery of \$2,467,419. This amount is offset by the estimated under-recovery of \$2,389,778 for the period October 1997 through September 1998 already being recovered in the current period of October through December 1998 as approved in Order No. PSC-98-1223-FOF-EI dated

September 17, 1998 in this docket. Based on three months of projected data, the Company's estimated purchased power capacity cost true-up amount for the period October 1998 through December 1998 is an under-recovery of \$1,237,526. Gulf is requesting that the Commission approve the total capacity cost true-up under-recovery amount, \$1,315,167, for collection during the period of January 1999 through December 1999.

PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS

(6) Gulf has calculated its projected purchased power capacity cost recovery amounts for the months January 1999 through December 1999 in accordance with the procedures set out in this Commission's Order No. 25773 and Order No. PSC-93-0047-FOF-EI. The proposed net capacity cost recovery amount projected for the period January 1999 through December 1999 is \$9,884,028.

The computations and supporting data for the Company's purchased power capacity cost recovery clause are set forth on Schedules CCE-1 (including CCE-1a and CCE-1b) and CCE-2 attached as part of the exhibit to the testimony of S. D. Cranmer filed herewith. Additional supporting data for the calculated purchased power capacity cost recovery factors is provided in the testimony and exhibit of M. W. Howell also filed herewith. The methodology used by Gulf in determining the amounts to include in these calculated factors and the allocation to rate classes, based 12/13th on demand and 1/13th on energy, is in accordance with the requirements of the Commission as set forth in Order No. 25773. The amounts included in the calculated factors for this projection period are based on reasonable projections of the capacity transactions that are expected to occur during the period January 1999 through December 1999. 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 purchased power capacity costs for the projected period. Amounts projected by the Company for purchased power capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS

(7) Pursuant to Order 13247 (entered May 1, 1984) in Docket No. 830377-EI and Order No. 19548 (entered June 21, 1988) in Docket No. 880001-EI, Gulf has calculated estimates of as-available avoided energy costs for QF's in accordance with the procedures required in said orders. The resultant costs are attached to the testimony of S. D. Cranmer as Schedule E-11 and by reference made a part hereof. Gulf Power requests that the Commission approve the estimates for these costs set forth on Schedule E-11.

GPIF TARGETS AND RANGES

(8) Gulf seeks approval of the GPIF targets and ranges for the period October 1998 through December 1998 set forth below:

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				

Gulf also seeks approval of the GPIF targets and ranges for the period January 1999 through December 1999 set forth below:

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	88.4	6.3	5.3	10,624
Crist 7	82.5	6.3	11.2	10,232
Smith 1	75.9	22.2	1.9	10,190
Smith 2	88.8	6.8	4.4	10,263
Daniel 1	81.0	10.7	8.3	10,455
Daniel 2	74.7	19.7	5.6	10,264
EAF = Equivalent Availability Factor POF = Planned Outage Factor EUOF = Equivalent Unplanned Outage Factor				

FUEL COST RECOVERY FACTORS

(9) The calculated levelized fuel and purchased energy cost recovery factor, including GPIF and True-Up, is 1.662¢/KWH. The calculated factors by rate schedule would be:

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, GS, GSD, SBS OSIII, OSIV	1.01228	1.682	2.177	1.468
B	LP, LPT, SBS	0.98106	1.631	2.110	1.423
C	PX, PXT, RTP, SBS	0.96230	1.599	2.070	1.395
D	OSI, OSII	1.01228	1.647	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.

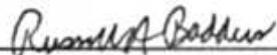
CAPACITY COST RECOVERY FACTORS

(10) The calculated purchased power capacity cost recovery factors by rate class, including true-up, are:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RST	.122
GS, GST	.121
GSD, GSDT	.098
LP, LPT	.081
PX, PXT, RTP, SBS	.070
OSI, OSII	.030
OSIII	.074
OSIV	.197

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the GPIF adjustment for the period October 1997 through March 1998; the estimated fuel cost true-up for the periods April 1998 through September 1998 and October 1998 through December 1998; the projected fuel cost recovery amount for the period January 1999 through December 1999; the estimated purchased power capacity cost recovery true-up amount for the periods October 1997 through September 1998 and October 1998 through December 1998; the projected purchased power capacity cost recovery amount for the period January 1999 through December 1999; the GPIF targets and ranges for the period October 1998 through December 1998 and for the period January 1999 through December 1999; the estimated as-available avoided energy costs for QFs; the fuel cost recovery factors to be applied beginning with the period January 1999 through December 1999; and the capacity cost recovery factors to be applied beginning with the period January 1999 through December 1999.

Dated the 9th day of October, 1998.



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