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Handwritten scribble



October 21, 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.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a Windows NT based computer.

Sincerely,

ACK
AFA *Susan D. Cranmer*
APP _____ Susan D. Cranmer
CSE _____ Asst. Secretary and Assistant Treasurer

CMH _____ lw
CT _____
E *John* Enclosure

LE 1 cc: Beggs and Lane
LB 3 Jeffrey A. Stone, Esquire

C _____
P _____
S 1
W _____
T _____

DOCUMENT NUMBER DATE
11848 OCT 23 1998
RECORDS AND REPORTING

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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: October 22, 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 estimated fuel adjustment true-up amounts for the periods April, 1998 through September, 1998 and October, 1998 through December 1998?

GULF: April, 1998 through September, 1998 -- under recovery of \$3,743,611 is currently estimated for the period. However, an estimated over-recovery of \$1,097,022 is already being refunded in the period October 1998 through December 1998 as approved in Order No. PSC-98-1223-FOF-EI. The difference between these two amounts, \$4,840,633, should be collected in the period January 1999 through December 1999.

October, 1998 through December 1998 -- over-recovery \$456,058
 (Oaks, Howell, Cranmer)

ISSUE 2: What are the total fuel adjustment true-up amounts to be collected during the period January, 1999 through December, 1999?

GULF: Under recovery \$4,384,575. (Cranmer)

ISSUE 3: What are the appropriate levelized fuel cost recovery factors for the period January, 1999 through December, 1999?

GULF: 1.662¢/KWH. (Oaks, Howell, Cranmer)

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BY: [Signature] FOR: [Signature]

ISSUE 4: 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 January, 1999, through December, 1999. Billing cycles may start before January 1, 1999, and the last cycle may be read after December 31, 1999, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

ISSUE 5: 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, CSA	0.96230
D	OSI, OSII	1.01228

ISSUE 6: What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

GULF: 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	1.682	2.177	1.468
B	LP, LPT, SBS	1.631	2.110	1.423
C	PX, PXT, RTP, SBS	1.599	2.070	1.395
D	OSI, OSII	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.

ISSUE 7: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of January, 1999 through December 1999?

GULF: 1.01597. (Cranmer)

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, 1997 through March, 1998?

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

ISSUE 14: What should the GPIF targets/ranges be for the periods October, 1998 through December, 1998 and January, 1999 through December, 1999?

GULE: See table below: (Fontaine)

October 1998 through December 1998

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

January 1999 through December 1999

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

Company-Specific GPIF Issues

NONE RAISED BY GULF POWER COMPANY

Generic Capacity Cost Recovery Issues

ISSUE 20: What is the estimated purchased power capacity cost recovery true-up amount for the period October, 1997 through September, 1998 and for October 1998 through December 1998?

GULF: October, 1997 through September, 1998 -- under-recovery of \$2,467,419 is currently estimated for the period. However, an estimated over-recovery of \$2,389,778 is already being refunded in the period October 1998 through December 1998 as approved in Order No. PSC-98-1223-FOF-EI. The difference between these two amounts, \$77,641, should be collected in the period January 1999 through December 1999.

October 1998 through December 1998 -- under-recovery of \$1,237,526 (Howell, Cranmer)

ISSUE 21: What is the total capacity cost recovery true-up amount to be collected during the period January, 1999 through December, 1999?

GULE: Under recovery \$1,315,167. (Cranmer)

ISSUE 22: What is the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period January, 1999 through December, 1999?

GULE: \$9,884,028. (Howell, Cranmer)

ISSUE 23: What are the appropriate capacity cost recovery factors for the period January, 1999 through December, 1999?

GULE: See table below: (Cranmer)

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

Company-Specific Capacity Cost Recovery Issues

NONE RAISED BY GULF POWER COMPANY

Respectfully submitted this 21st day of October, 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 21st day of October 1998 on the following:

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