

One Energy Place
Pensacola, Florida 32520

850 444 6111



November 3, 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 Prehearing Statement of Gulf Power Company.

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

- ACK *Vandiver*
- AFA _____
- APP _____
- CAF _____ lw
- CMU _____ Enclosure
- CTR _____
- EAC *Be...* rec: Beggs and Lane
- LEG *1* Jeffrey A. Stone, Esquire
- LIN *3*
- OPC _____
- RCH _____
- SEC *1*
- WAS _____
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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
Date Filed: Nov. 4, 1998

PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company, ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, and pursuant to Rule 25-22.038(3), Florida Administrative Code, files this prehearing statement, saying:

A. APPEARANCES:

JEFFREY A. STONE, Esquire, and RUSSELL A. BADDERS,
Esquire, of Beggs & Lane, 700 Blount Building, 3 West Garden
Street, P.O. Box 12950, Pensacola, FL 32576-2950
On behalf of Gulf Power Company.

DOCUMENT NUMBER-DATE

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FPSC-REG-64-REPORTING

B. WITNESSES: All witnesses known at this time, who may be called by Gulf Power

Company, along with the subject matter and issue numbers which will be covered by the witness'

testimony, are as follows:

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>(Direct)</u>			
1.	M. F. Oaks (Gulf)	Fuel Adjustment, true-up and projections	2, 4
2.	S. D. Cranmer (Gulf)	Fuel Adjustment, true-up and projections	2, 3, 4, 5, 6, 7, 8, 16, 18, 19, 20
3.	G. D. Fontaine (Gulf)	GPIF, reward/penalty and targets and ranges	11B, 12A, 12B
4.	M. W. Howell (Gulf)	Purchased Power -- energy and capacity purchases and sales, projections	2, 4, 16, 19

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (MFO-1)	Oaks	Projected vs. actual fuel cost of generated power March '89 - December '98
_____ (SDC-2)	Cranmer	Schedules E-1 through E-12 January 1999 - December 1999
_____ (GDF-1)	Fontaine	Gulf Power Company GPIF Results October 1997 - March 1998
_____ (GDF-2)	Fontaine	Gulf Power Company GPIF Targets and Ranges October 1998 - December 1998
_____ (GDF-3)	Fontaine	Gulf Power Company GPIF Targets and Ranges January 1999 - December 1999
_____ (MWH-1)	Howell	Gulf Power Company Projected Purchased Power Contract Transactions January 1999 - December 1999

D. STATEMENT OF BASIC POSITION:

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the proposed fuel factors present the best estimate of Gulf's fuel expense for the period January 1999 through December 1999 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS:

Generic Fuel Adjustment Issues

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

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

For the period October 1998 through December 1998, an over-recovery of \$456,058 is currently estimated. (Oaks, Howell, Cranmer)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected/refunded from January, 1999 to December, 1999?

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

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January, 1999 to December, 1999?

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

ISSUE 5: What should be the effective date of the new fuel adjustment charge and capacity cost recovery charge for billing purposes?

GULE: The 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. (Cranmer)

ISSUE 6: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

GULE: 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 class/delivery voltage level class 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 8: 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 to December, 1999?

Gulf: 1.01597. (Cranmer)

Company-Specific Fuel Adjustment Issues

Gulf Power Company

NONE RAISED AS TO GULF POWER COMPANY

Generic Generating Performance Incentive Factor Issues

ISSUE 11B: What is the appropriate GPIF reward or penalty for performance achieved by Florida Power Corporation, Tampa Electric Company, and Gulf Power Company during the period October, 1997 through March, 1998?

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

ISSUE 12A: 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	2.3	10,655
Daniel 2	83.1	9.8	7.1	10,300

EAF = Equivalent Availability Factor
POF = Planned Outage Factor
EUOF = Equivalent Unplanned Outage Factor

ISSUE 12B: What should the GPIF targets/ranges be for the period January, 1999 through December, 1999?

GULF: See table below: (Fontaine)

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 AS TO GULF POWER COMPANY

Generic Capacity Cost Recovery Factor Issues

ISSUE 16: What is the estimated purchased power capacity cost recovery true-up amount for Florida Power & Light Company and Gulf Power Company for the period October, 1997, through December, 1998?

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

For the period October 1998 through December 1998, an under-recovery of \$1,237,526 is currently estimated.
(Howell, Cranmer)

ISSUE 18: What is the total capacity cost recovery true-up amount to be collected/refunded during the period January, 1999 through December, 1999?

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

ISSUE 19: 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?

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

ISSUE 20: What are the appropriate capacity cost recovery factors for the period January, 1999 through December, 1999?

GULF: See table below: (Cranmer)

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

Company-Specific Capacity Cost Recovery Issues

NONE RAISED AS TO GULF POWER COMPANY

F. STIPULATED ISSUES

GULF: Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

G. PENDING MOTIONS:

GULF: NONE.

H. OTHER MATTERS:

GULF: To the best knowledge of counsel, Gulf has complied, or is able to comply, with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearings set for November 23-25, 1998, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 3rd day of November, 1998.

Respectfully submitted,



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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 3rd day of November 1998 on the following:

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