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Pensacola, Florida 32520

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ORIGINAL



August 31, 1999

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. 981591-EG

Enclosed are an original and fifteen copies of the Prehearing Statement of Gulf Power Company 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 8 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

- AFA _____
- APP _____
- CAF _____
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FLORIDA PUBLIC SERVICE COMMISSION
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FPSC-RECORDS/REPORTING

In re: Petition for authority to implement
 Good Cents Conversion Program
 by Gulf Power Company

Docket No.: 981591-EG
 Filed: September 1, 1999

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.

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.	T. S. Spangenberg (Gulf)	Program description; Cost-effectiveness; Eligibility for cost recovery through ECCR; Competition Issues	1,2,3,4,5,6, 7,8,9,10
<u>(Rebuttal)</u>			
1.	T. S. Spangenberg (Gulf)	Cost-effectiveness assumptions; Competition issues	1,2,3,4,5,6, 7,8,9
2.	D. A. Shell (Gulf)	HVAC Assumptions	2,3

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (TSS-1)	Spangenberg	Program Description
_____ (TSS-2)	Spangenberg	Table of approved utility conservation programs and analysis life; Copy of page 35.2 from ASHRAE HVAC Applications Handbook.
_____ (DAS-1)	Shell	HVAC Probability of Failure Table

D. STATEMENT OF BASIC POSITION:

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the Good Cents Conversion program should be approved by the Florida Public Service Commission as a conservation program eligible for cost recovery through the ECCR as provided by the Florida Energy Efficiency and Conservation Act. (FEECA)

E. STATEMENT OF ISSUES AND POSITIONS:

Gulf Power Company Issues

ISSUE 1: Is Gulf Power Company's proposed Good Cents Conversion Program cost-effective?

GULF: Yes. Using conservative assumptions, the Good Cents Conversion Program passes all cost effectiveness tests as follows: RIM = 1.19, Participant = 1.39, TRC = 1.88. The values expressed in the Direct Testimony of T.S. Spangenberg, though valid, are based on less conservative assumptions and are as follows: RIM = 1.74, Participant = 1.65, TRC = 2.20. Under either set of assumptions, the program is cost-effective using the Commission approved methodology for determining cost-effectiveness.

ISSUE 2: Is Gulf Power Company's cost-effectiveness analysis based on accurate assumptions?

GULF: Yes. Gulf utilized conservative and accurate assumptions in its cost-effectiveness analysis. Gulf reasonably assumed a 1680 square foot home with a central air-conditioning unit having a SEER of 7 and a central gas furnace with an AFUE of 68%. The existing system was assumed to be replaced with a heat pump having a SEER of 11 and a HSPF of 7.4.

ISSUE 3: Under Gulf Power Company's proposed Good Cents Conversion Program, are customers likely to replace existing inefficient heating, ventilating, and air-conditioning (HVAC) equipment only if it fails?

GULF: No. The low efficiency units which would be candidates for replacement by Gulf's program are not at or near the end of the normal useful life and would not be expected, with any reasonable degree of probability, to otherwise be replaced by the customer. Additionally, Gulf expects its program to specifically encourage customers to change out its equipment prior to the end of its functional life.

ISSUE 4: Is Gulf Power Company's proposed Good Cents Conversion Program an energy conservation program, or, rather, electricity competing with natural gas?

GULF: The Good Cents Conversion Program is an energy conservation program. See Gulf's position on Issue 5.

ISSUE 5: Is Gulf Power Company's proposed Good Cents Conversion Program consistent with the Florida Energy Efficiency and Conservation Act?

GULF: Yes. The Good Cents Conversion Program meets the requirements of FEECA because the program would result in a reduction in annual kWh consumption and a reduction in Gulf Power's annual peak demand which occurs in the summer. In addition, the weather-sensitive peak demand for natural gas, which occurs in the winter in Northwest Florida, would also experience a reduction.

ISSUE 6: Has Gulf Power Company incorporated reasonable summer peak demand assumptions in its cost-effectiveness analysis?

GULF: Yes.

ISSUE 7: Has Gulf Power Company incorporated reasonable winter peak demand assumptions in its cost-effectiveness analysis?

GULF: Yes.

ISSUE 8: Has Gulf Power Company incorporated reasonable annual energy usage assumptions in its cost-effectiveness analysis?

GULF: Yes.

ISSUE 9: Should the Commission approve Gulf power Company's proposed Good Cents Conversion program, including approval for cost recovery through the Energy Conservation Cost Recovery (ECCR) Clause?

GULF: Yes.

ISSUE 10: Should the docket be closed?

GULF: Yes.

F. STIPULATED ISSUES:

GULF: 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.

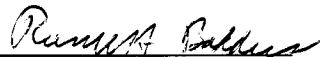
G. PENDING MOTIONS:

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 September 27, 1999, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 31st th day of August, 1999.
Respectfully submitted,



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(850) 432-2451
Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for authority to implement)
Good Cents Conversion Program by)
Gulf Power Company)
_____)

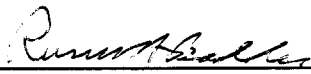
Docket No. 981591-EG

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 31st day of August 1999 by U.S. Mail or hand delivery to the following:

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