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Pensacola, Florida 32520

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ORIGINAL



October 24, 2000

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. 000002-EG

Enclosed are an original and ten 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 8 for Windows 6.1 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

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SER Ballinger
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Enclosure
cc: Beggs and Lane
J. A. Stone, Esquire

DOCUMENT NUMBER-DATE

14015 OCT 30 8

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery)
Clause)
_____)

Docket No. 000002-EG
Date Filed: October 25, 2000

PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company, (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned attorneys, and pursuant to Order No. PSC-00-0951-PCO-EG and 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

14015 OCT 30 8

FPSC-RECORDS/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> (Direct)	<u>Subject Matter</u>	<u>Issues</u>
1. Margaret D. Neyman	True-up	1
2. Michael J. McCarthy	Components of Gulf's Conservation Plan and associated costs; projections and program results	2, 3

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (MDN-1)	Neyman	Schedules CT-1 through CT-6
_____ (MJM-1)	McCarthy	Schedules C-1 through C-5

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 ECCR factor presents the best estimate of Gulf's Conservation expense for the period January 2001 through December 2001, including the true-up calculations and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Energy Conservation Cost Recovery Issues

ISSUE 1: What is the final end-of-period true-up amount for the period January 1999, through December 1999?

GULE: Over recovery \$217,821.

ISSUE 2: What are the appropriate conservation cost recovery factors by customer class for the period January 1, 2001 through December 2001?

GULE: See table below:

RATE CLASS*	CONSERVATION COST RECOVERY FACTORS ¢/KWH
RS, RST	0.053
GS, GST	0.053
GSD, GSDT	0.050
LP, LPT	0.047
PX, PXT, RTP, CSA	0.045
OSI, OSII	0.041
OSIII	0.048
OSIV	0.043
SBS	0.045

(McCarthy).

Company-Specific Conservation Cost Recovery Issues

ISSUE 3: Should Gulf Power Company (GPC) be allowed to recover expenses associated with two research programs that are located outside of its service area?

GULF: Yes. The Florida Energy Efficiency and Conservation Act specifically promotes research, development and demonstration projects focusing on nontraditional sources of power generation and increasing the efficiency of the transmission and distribution system. The two research projects directly address these goals of FEECA. The Molten Carbonate Fuel Cell project involves installing and operating the most commercially advanced fuel cell technology currently under development. The Houston Area Research Center is also a collaboratively funded effort to establish a research and development location where emerging Proton Exchange Membrane fuel cell technology can be evaluated in a laboratory environment. The cost of this type of research is very high making it difficult, if not impossible, for individual utilities to pursue it. Through these projects, Gulf Power can join with other contributors and acquire engineering and economic data on new and emerging technologies otherwise unavailable on its own. The total research cost for the two projects is \$10.25 million. Gulf Power's contribution is projected to be \$130,665 or 1.3 percent of the total. The results obtained through these projects are directly transferrable to Gulf's service area. Utilities have been allowed to recover costs of projects that are performed outside of a utility's service area. (McCarthy)

E. 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.

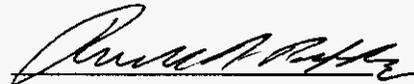
H. OTHER MATTERS:

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 20-22, 2000, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 24th day of November, 2000.

Respectfully submitted,



JEFFREY A. STONE

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RUSSELL A. BADDERS

Florida Bar No. 007455

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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Cost Recovery)
_____)

Docket No. 000002-EG

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 24th day of October 2000 to the following:

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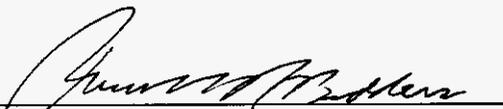
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