

One Energy Place
Pensacola, Florida 32520

Tel 850.444.6111



October 23, 2001

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. 010007-EI

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,

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

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane
J. A. Stone, Esquire

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost Recovery)
Clause)
_____)

Docket No. 010007-EI
Date Filed: October 24, 2001

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>(Direct)</u>	<u>Subject Matter</u>	<u>Issues</u>
1. J. O. Vick (Gulf)	Environmental compliance activities (True-up and Projections)	1, 2, 4, 10A, 10B
2. S. D. Ritenour (Gulf)	Environmental compliance cost recovery calculations (True-up and Projections)	1, 2, 3, 4, 5, 6, 7, 8, 10A, 10C

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (SDR-1)	Ritenour	Schedules 1A, 2A, 3A, 4A, 5A, 6A, 7A, 8A Calculation Final True-up 1/00 - 12/00
<u> </u> (SDR-2)	Ritenour	Schedules 1E, 2E, 3E, 4E, 5E, 6E, 7E, 8E Calculation Estimated True-up 1/01 - 12/01
<u> </u> (SDR-3)	Ritenour	Schedules 1P, 2P, 3P, 4P, 5P, 6P, 7P Calculation Projection 1/02 - 12/02

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 environmental cost recovery factors present the best estimate of Gulf's environmental compliance costs recoverable through the environmental cost recovery clause for the period January 2002 through December 2002 including the true-up calculations and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Environmental Cost Recovery Issues

ISSUE 1: What are the appropriate final environmental cost recovery true-up amounts for the period ending December 31, 2000?

Over recovery \$643,068. (Vick, Ritenour)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January, 2001 through December, 2001?

GULF: Over recovery \$684,892. (Vick, Ritenour)

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected/refunded during the period January 2002 through December 2002?

GULF: Refund of \$1,327,960. (excluding revenue taxes). (Ritenour)

ISSUE 4: What are the appropriate projected environmental cost recovery amounts for the period January 2002 through December 2002?

GULE: \$ 11,097,405. (Vick, Ritenour)

ISSUE 5: What should be the effective date of the new environmental cost recovery factors for billing purposes?

GULE: The factors should be effective beginning with the specified billing cycle and thereafter for the period January, 2002, through December, 2002. Billing cycles may start before January 1, 2002, and the last cycle may be read after December 31, 2002, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Ritenour)

ISSUE 6: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2002 through December 2002?

GULE: The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Ritenour)

ISSUE 7: What are the appropriate jurisdictional separation factors for the projected period January 2001 through December 2001?

GULE: The demand jurisdictional separation factor is 96.50747%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales. (Ritenour)

ISSUE 8: What are the appropriate Environmental Cost Recovery Factors for each rate group?

GULF: See table below: (Ritenour)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS £/KWH
RS, RST, RSVP	0.104
GS, GST	0.104
GSD, GSDT	0.094
LP, LPT	0.088
PX, PXT, RTP, SBS	0.083
OSI, OSII	0.067
OSIII	0.087
OSIV	0.074

Company - Specific Environmental Cost Recovery Issues

Gulf Power Company

ISSUE 10A: Should the Commission approve Gulf Power Company's request for recovery of costs for Generic NOx Control Intelligent System (GNOCIS) through the Environmental Cost Recovery Clause?

GULF: Yes. The GNOCIS project is being implemented to meet a governmentally imposed environmental requirement on an existing Gulf Power Company power plant. The GNOCIS project satisfies the requirements of Section 366.8255, Florida Statutes, and qualifies for recovery through the ECRC. (Vick, Ritenour)

ISSUE 10B: Should the Commission approve Gulf Power Company's request for recovery of costs for Consumptive Use- Shield Water Substitution Project through the Environmental Cost Recovery Clause?

GULF: Yes. The Consumptive Use- Shield Water Substitution Project was approved for cost recovery by the Commission in Order PSC-01-1953-CO-EI. (Vick)

ISSUE 10C: How should the newly proposed environmental costs for the Consumptive Use- Shield Water Substitution Project be allocated to the rate classes?

GULF: The Consumptive Use- Shield Water Substitution Project should be allocated to the rate classes using the 12 Coincident Peak and 1/13 Average Demand Method. (Ritenour)

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 20-21, 2001, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 23rd day of October, 2001.

Respectfully submitted,



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

Beggs & Lane

P. O. Box 12950

(700 Blount Building)

Pensacola, FL 32576-2950

(850) 432-2451

Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
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Docket No. 010007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 23rd day of October 2001 by U.S. Mail or hand delivery to the following:

Marlene Stern, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

Matthew M. Childs, Esquire
Steel, Hector & Davis
215 South Monroe, Suite 601
Tallahassee FL 32301

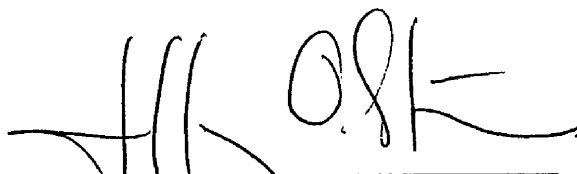
John Roger Howe, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Room 812
Tallahassee FL 32399-1400

Lee L. Willis, Esquire
Ausley & McMullen
P. O. Box 391
Tallahassee FL 32302

Joseph A. McGlothlin, Esquire
McWhirter Reeves, P.A.
117 S. Gadsden Street
Tallahassee FL 32301

John W. McWhirter, Esquire
McWhirter Reeves, P.A.
400 N Tampa St Suite 2450
Tampa FL 33602

Ms. Debra Swim
LEAF
1114 Thomasville Rd, Suite E
Tallahassee FL 32303



JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 0007455
Beggs & Lane
P. O. Box 12950
Pensacola FL 32576
850 432-2451
Attorneys for Gulf Power Company