

ORIGINAL



September 6, 2002

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Enclosed for official filing in Docket No. 020007-EI are an original and ten copies of the following:

- 1. The Petition of Gulf Power Company. 09495-02
- 2. Prepared direct testimony of J. O. Vick. 09496-02
- 3. Prepared direct testimony and exhibit of S. D. Ritenour. 09497-02

Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in WordPerfect8 for Windows format as prepared on a NT computer.

Sincerely,

Susan D. Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures ^{orig.}
(testimony + 1 Et. Rpr)
cc: Beggs and Lane
Jeffrey A. Stone, Esquire

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
_____)

Docket No. 020007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 6th day of September 2002 by U.S. Mail or hand delivery to the following:

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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost Recovery Clause)
)
) Docket No.: 020007-EI
) Filed: September 9, 2002
)
_____)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP AMOUNT FOR
JANUARY 2001 THROUGH DECEMBER 2001; ESTIMATED ENVIRONMENTAL COST
RECOVERY TRUE-UP AMOUNT FOR JANUARY 2002 THROUGH
DECEMBER 2002; PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS
FOR JANUARY 2003 THROUGH DECEMBER 2003; AND ENVIRONMENTAL COST
RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE PERIOD
JANUARY 2003 THROUGH DECEMBER 2003**

Notices and communications with respect to this petition and docket should be addressed to:

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Susan D. Ritenour
Assistant Secretary and Assistant Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby petitions this Commission for approval of the Company's final environmental cost recovery true-up amount for the period January 2001 through December 2001; estimated environmental cost recovery true-up amount for the period January 2002 through December 2002; for approval of its projected environmental cost recovery amounts for the period January 2003 through December 2003; and for approval of environmental cost recovery factors to be applied in customer billings beginning with the period January 2003 through December 2003. As grounds for the relief requested by this petition, the Company would respectfully show:

DOCUMENT NUMBER DATE

09495 SEP-9 2002

FPSC-COMMISSION CLERK

FINAL ENVIRONMENTAL COST RECOVERY TRUE-UP

(1) By vote of the Commission following hearings in November 2001, estimated true-up environmental cost recovery amounts were approved by the Commission for period January 2001 through December 2001, subject to establishing the final environmental cost recovery true-up amounts. According to the data filed by Gulf for the period ending December 31, 2001, the final environmental cost recovery true-up amount for the period ending December 31, 2001, should be an actual over recovery of \$187,480. This amount is submitted for approval by the Commission to be refunded in the next period. The supporting data has been prepared in accordance with the uniform system of accounts as applicable to the Company's environmental cost recovery and fairly presents the Company's environmental costs to be considered for recovery through the Environmental Cost Recovery ("ECR") clause for the period. The environmental activities and related expenditures reflected in the true-up amounts shown for the period ending December 31, 2001 are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to Gulf Power Company and therefore, the amounts identified are prudent expenditures which have been incurred for utility purposes.

ESTIMATED ENVIRONMENTAL COST RECOVERY TRUE-UP

(2) Gulf has calculated its estimated environmental cost recovery true-up amounts for the period January 2002 through December 2002. Based on six months actual and six months projected data, the Company's estimated environmental cost recovery true-up amount for the period January 2002 through December 2002 is an over-recovery of \$445,767. The estimated environmental cost

recovery true-up is combined with the final environmental cost recovery true-up for the period ending December 31, 2001 to reach the total environmental cost recovery true-up that is to be addressed in the next cost recovery period (January 2003 through December 2003). Gulf is requesting that the Commission approve this total environmental cost recovery true-up amount excluding revenue taxes, \$633,247, for refund during the January 2003 through December 2003 recovery period.

PROJECTED ENVIRONMENTAL COST RECOVERY AMOUNTS

(3) Gulf has calculated its projected environmental cost recovery amounts for the months January 2003 through December 2003 in accordance with the principles and policies for environmental cost recovery found in §366.8255 of the Florida Statutes and Commission Order No. PSC-93-0044-FOF-EI. The calculated factors reflect the recovery of the projected environmental cost recovery amount of \$10,863,256 for the period January 2003 through December 2003, plus the net true-up amount adjusted for revenue taxes.

The computations and supporting data for the Company's environmental cost recovery factors are set forth on Schedules attached as part of the exhibit to the testimony of S. D. Ritenour filed herewith. Additional supporting data for the environmental cost recovery factors is provided in the testimony of J. O. Vick also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the allocation to rate classes is in accordance with the requirements of the Commission as set forth in Order No. PSC-94-0044-FOF-EI. The amounts included in the calculated factors for the projection period are based on reasonable projections of the costs for environmental compliance activities that are expected to be incurred during the period January 2003 through

December 2003. The calculated factors and supporting data have been prepared in accordance with the uniform system of accounts and fairly present the Company's best estimate of environmental compliance costs for the projected period. The activities described in the testimony of Mr. Vick are reasonable and necessary to achieve or maintain compliance with environmental requirements applicable to Gulf Power Company and the projected costs resulting from the described compliance activities are also reasonable and necessary. Therefore, the costs identified are prudent expenditures which have been or will be incurred for utility purposes and for which the Company should be allowed to recover the associated revenue requirements.

ENVIRONMENTAL COST RECOVERY FACTORS

(4) The calculated environmental cost recovery factors by rate class, including true-up, are:

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RSVP	.105
GS, GST, GSTOU	.104
GSD, GSDT	.097
LP, LPT	.092
PX, PXT, RTP, SBS	.088
OS-I/II	.077
OSIII	.090
OSIV	.077

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final environmental cost recovery true-up amounts for the period January 2001 through December 2001; estimated environmental cost recovery true-up amounts for the period January 2002 through December 2002; the projected environmental cost recovery amounts for the period January 2003 through December 2003 and the environmental cost recovery factors to be applied in customer billings beginning with the period January 2003 through December 2003.

Dated the 6th day of September, 2002.



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