

**Susan D. Ritenour**  
Secretary and Treasurer  
and Regulatory Manager

One Energy Place  
Pensacola, Florida 32520-0781

Tel 850 444 6231  
Fax 850 444 6026  
SDRITENO@southernco.com



October 6, 2003

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:

RE: Docket No. 030001-EI

Enclosed are an original and ten copies of the Preliminary Statement of Gulf Power Company Regarding Issues and Positions to be filed in the above docket.

Sincerely,

*Susan D. Ritenour (lw)*

lw

Enclosure

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

DOCUMENT NUMBER DATE

09682 OCT-7 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power )  
Cost Recovery Clauses and )  
Generating Performance Incentive )  
Factor )  
\_\_\_\_\_ )

Docket No. 030001-EI  
Filed: October 7, 2003

**PRELIMINARY STATEMENT OF GULF POWER COMPANY**  
**REGARDING ISSUES AND POSITIONS**

Gulf Power Company, ("Gulf Power", "Gulf", or "the "Company"), by and through its undersigned attorneys, hereby files this preliminary statement of issues and positions, saying:

**Generic Fuel Adjustment Issues**

**ISSUE 1:** What are the appropriate final fuel adjustment true-up amounts for the period January 2002 through December 2002?

**GULF:** Over recovery \$1,056,921. (Ball, Bell, Davis)

**ISSUE 2:** What are the appropriate estimated fuel adjustment true-up amounts for the period January 2003 through December 2003?

**GULF:** Under recovery \$23,923,505. (Ball, Bell, Davis)

**ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded during the period January, 2004 through December, 2004?

**GULF:** Under recovery \$22,866,584. (Davis)

**ISSUE 4:** What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period of January, 2004 through December 2004?

**GULF:** 1.00072. (Davis)

**ISSUE 5:** What are the projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the projection period of January, 2004 through December 2004?

**GULF:** \$259,212,752. (Davis)

**ISSUE 6:** What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

**GULF:** 2.459. (Davis)

**ISSUE 7:** What are the appropriate fuel recovery loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class?

**GULF:** See table below: (Davis)

<b>Group</b>	<b>Rate Schedules</b>	<b>Line Loss Multipliers</b>
A	RS, GS, GSD, SBS, OSIII, OSIV	1.00526
B	LP, LPT, SBS	0.98890
C	PX, PXT, RTP, SBS	0.98063
D	OSI/II	1.00529

**ISSUE 8:** What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

**GULF:** See table below: (Davis)

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, SBS, OSIII, OSIV	2.472	2.866	2.304
B	LP, LPT, SBS	2.432	2.820	2.267
C	PX, PXT, RTP, SBS	2.411	2.796	2.248
D	OSI/II	2.449	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 9:** What should be the effective date of the new fuel adjustment charge, oil backout charge and capacity cost recovery charge for billing purposes?

The new fuel factors should be effective beginning with the first billing cycle for January 2004 and thereafter through the last billing cycle for December 2004. The first billing cycle may start before January 1, 2004, and the last cycle may be read after December 31, 2004, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

**ISSUE 10:** What are the appropriate actual benchmark levels for calendar year 2003 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**GULF:** \$1,174,292. (Davis, Bell)

**ISSUE 11:** What are the appropriate estimated benchmark levels for calendar year 2004 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**GULF:** \$2,016,185. (Davis, Bell)

**ISSUE 12:** What is the appropriate base level for operation and maintenance expenses for non-speculative financial and/or physical hedging programs to mitigate fuel and purchased power price volatility?

**GULF:** \$0. (Davis, Ball)

#### **Company-Specific Fuel Adjustment Issues**

**ISSUE 16A:** Were Gulf's actions through July 31, 2003, to mitigate fuel and purchased power price volatility through implementation of its non-speculative financial and/or physical hedging programs prudent?

**GULF:** Yes. (Ball)

**ISSUE 16B:** Are Gulf Power's actual and projected operation and maintenance expenses for 2002 through 2004 for its non-speculative financial and/or physical hedging programs to mitigate fuel and purchased power price volatility reasonable for cost recovery purposes?

**GULF:** Yes. (Ball)

**Generic Generating Performance Incentive Factor Issues**

**ISSUE 18:** What is the appropriate GPIF reward or penalty for performance achieved during the period January, 2002 through December, 2002?

**GULF:** \$431,920 reward. (Noack)

**ISSUE 19:** What should the GPIF targets/ranges be for the period January 2004 through December 2004?

**GULF:** See table below: (Noack)

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	97.9	0.0	2.1	10,388
Crist 5	96.8	0.0	3.2	10,232
Crist 6	86.7	6.3	7.0	10,501
Crist 7	70.1	21.6	8.3	10,223
Smith 1	90.1	8.2	1.7	10,114
Smith 2	82.8	8.2	9.0	10,024
Daniel 1	69.6	24.9	5.5	9,994
Daniel 2	81.1	12.0	6.9	9,828

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

**Company-Specific GPIF Issues**

NONE RAISED BY GULF POWER COMPANY

## Generic Capacity Cost Recovery Issues

**ISSUE 24:** What is the appropriate final purchased power capacity cost recovery true-up amount for the period January, 2002 through December, 2002?

**GULF:** Over recovery of \$193,696. (Bell, Davis)

**ISSUE 25:** What is the estimated purchased power capacity cost recovery true-up amount for the period January, 2003 through December, 2003?

**GULF:** Over recovery of \$1,058,876. (Bell, Davis)

**ISSUE 26:** What is the appropriate total capacity cost recovery true-up amount to be collected/refunded during the period January, 2004 through December, 2004?

**GULF:** \$1,252,572 refund. (Davis)

**ISSUE 27:** What is the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period January, 2004 through December, 2004?

**GULF:** \$17,619,376. (Bell, Davis)

**ISSUE 28:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January, 2004 through December, 2004?

**GULF:** 96.50187%. (Bell, Davis)

**ISSUE 29:** What are the appropriate capacity cost recovery factors for the period January, 2004 through December, 2004?

**GULF:** See table below: (Davis)

<b>RATE CLASS</b>	<b>CAPACITY COST RECOVERY FACTORS ¢/KWH</b>
RS, RSVP	.194
GS	.188
GSD, GSDT, GSTOU	.157
LP, LPT	.135
PX, PXT, RTP, SBS	.118
OSI/II	.057
OSIII	.122
OSIV	.056

**ISSUE 30:** What is the appropriate period to establish a base line for incremental post-September 11, 2001, security expenses?

**GULF:** Not applicable to Gulf.

**ISSUE 31:** What is the appropriate base line for operational and maintenance expenses for post-September 11, 2001, security expenses?

**GULF:** Not applicable to Gulf.



**Company-Specific Capacity Cost Recovery Issues**

NONE RAISED BY GULF POWER COMPANY

Respectfully submitted this 6<sup>th</sup> day of October, 2003.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 7455

**Beggs & Lane**

P. O. Box 12950

Pensacola, FL 32591

(850) 432-2451

**Attorneys for Gulf Power Company**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost )  
Recovery Clause with Generating )  
Performance Incentive Factor )  
\_\_\_\_\_ )

Docket No. 030001-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 6th day of October 2003 on the following:

Wm. Cochran Keating, Esquire  
FL Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0863

Vicki G. Kaufman, Esq.  
McWhirter Reeves  
117 S. Gadsden Street  
Tallahassee FL 32301

Robert Vandiver, Esquire  
Office of Public Counsel  
111 W. Madison St., Suite 812  
Tallahassee FL 32399-1400

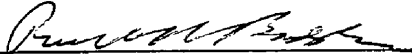
Lee L. Willis, Esquire  
James D. Beasley, Esquire  
Ausley & McMullen  
P. O. Box 391  
Tallahassee FL 32302

James McGee, Esquire  
Progress Energy Florida, Inc.  
P. O. Box 14042  
St. Petersburg FL 33733-4042

John W. McWhirter, Jr., Esq.  
McWhirter Reeves  
400 N Tampa St Suite 2450  
Tampa FL 33602

John T. Butler, Esquire  
Steel, Hector & Davis LLP  
200 S. Biscayne Blvd, Ste 4000  
Miami FL 33131-2398

Norman H. Horton, Jr., Esquire  
Messer, Caparello & Self, P.A.  
P. O. Box 1876  
Tallahassee FL 32302-1876

  
\_\_\_\_\_  
JEFFREY A. STONE  
Florida Bar No. 325953  
RUSSELL A. BADDERS  
Florida Bar No. 0007455  
BEGGS & LANE  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
Attorneys for Gulf Power Company