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October 14, 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. 030007-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 Microsoft Word for Windows format as prepared on a Windows NT based computer.

Sincerely,

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

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. 030007-EI
Date Filed: October 15, 2003

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, P.O. Box 12950, Pensacola, FL
32591-2950
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, 12A, 12C, 12E
2. S. D. Ritenour (Gulf)	Environmental compliance cost recovery calculations (True-up and Projections)	1, 2, 3, 4, 5, 6, 7, 8, 12A-12F

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
(SDR-1)	Ritenour	Calculation of Final True-up 1/02 - 12/02
(SDR-2)	Ritenour	Calculation of Estimated True-up 1/03 - 12/03
(SDR-3)	Ritenour	Calculation of Projection 1/04 - 12/04

D. STATEMENT OF BASIC POSITION

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the environmental cost recovery factors proposed by the Company present the best estimate of Gulf's environmental compliance costs recoverable through the environmental cost recovery clause for the period January 2004 through December 2004 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, 2002?

GULF: Over recovery \$229,600. (Vick, Ritenour)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January, 2003 through December, 2003?

GULF: Over recovery \$209,163. (Vick, Ritenour)

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected/refunded during the period January 2004 through December 2004?

GULF: Refund of \$438,763. (excluding revenue taxes). (Ritenour)

ISSUE 4: What are the appropriate projected environmental cost recovery amounts for the period January 2004 through December 2004?

GULF: \$ 14,108,217. (Vick, Ritenour)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2004 through December 2004?

GULF: 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 6: What are the appropriate jurisdictional separation factors for the projected period January 2001 through December 2001?

GULF: The demand jurisdictional separation factor is 96.50187%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales. (Ritenour)

ISSUE 7: What are the appropriate Environmental Cost Recovery Factors for the period January 2004 through December 2004 for each rate group?

GULF: See table below: (Ritenour)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RSVP	.136
GS	.135
GSD, GSDT, GSTOU	.128
LP, LPT	.121
PX, PXT, RTP, SBS	.116
OSI, OSII	.104
OSIII	.120
OSIV	.104

ISSUE 8: What should be the effective date of the new environmental cost recovery factors for billing purposes?

GULF: The factors should be effective beginning with the specified billing cycle and thereafter for the period January, 2004, through December, 2004. Billing cycles 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. (Ritenour)

Company - Specific Environmental Cost Recovery Issues

ISSUE 12A: Should the Commission approve Gulf's request for recovery of costs for the Plant Crist Unit 7 Scrubber Study through the Environmental Cost Recovery Clause?

GULF: Yes. This project is necessary for Gulf to determine how to comply with new mercury standards which are being finalized by the EPA. Gulf must perform this

study at this time because Gulf must be in compliance with the mercury standard within a short period of time after the standard becomes final. (Vick, Ritenour)

ISSUE 12B: How should Gulf's newly proposed environmental costs for the Plant Crist Unit 7 Scrubber Study be allocated to the rate classes?

GULF: The capital costs associated with this project should be allocated to the rate classes on an energy basis. (Ritenour)

ISSUE 12C: Should the Commission approve Gulf's request for recovery of costs for the Plant Crist Fourier Transform Infrared Spectrometer through the Environmental Cost Recovery Clause?

GULF: Yes. The Crist Unit 7 SCR Construction Permit requires monitoring for ammonia in stack gas emissions. The FTIR is the best, cost-effective method to monitor ammonia emissions as required in that Construction Permit. (Vick, Ritenour)

ISSUE 12D: How should Gulf's newly proposed environmental costs for the Plant Crist Fourier Transform Infrared Spectrometer be allocated to the rate classes?

GULF: The capital costs associated with this project should be allocated to the rate classes on an energy basis. (Ritenour)

ISSUE 12E: Should the Commission approve Gulf's request for recovery of costs for the Plant Crist Stormwater Project through the Environmental Cost Recovery Clause?

GULF: Yes. The Spill Prevention Control and Countermeasures regulation (Title 40, Code of Federal Regulation Part 112) was revised to include oil-containing electrical equipment. Gulf must implement appropriate containment and/or diversionary structures to prevent oil from this equipment from entering waterways. This project is required for Gulf to comply with this new requirement. (Vick, Ritenour)

ISSUE 12F: How should Gulf's newly proposed environmental costs for the Plant Crist Stormwater Project be allocated to the rate classes?

GULF: The capital costs associated with his project should be allocated to the rate classes on a 12 Coincident Peak (CP) and 1/13 Average Demand basis. (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:

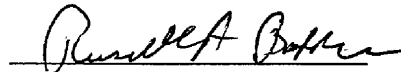
GULF: NONE.

H. OTHER MATTERS:

GULF: To the best knowledge of counsel, Gulf has complied 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 12-14, 2003, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 14th day of October, 2003.

Respectfully submitted,



JEFFREY A. STONE

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Florida Bar No. 007455

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery)
Clause)
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Docket No. 030007-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 14th day of October 2003 by U.S. Mail or hand delivery to the following:

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