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**Subject:** Docket 060001-EI  
**Attachments:** Gulfpositions01.pdf

**ORIGINAL**

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The Docket No. is 060001-EI Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor

**Gulf Power Company – PRELIMINARY STATEMENT REGARDING ISSUES AND POSITIONS**

Total Number of Pages: 8

Preliminary Statement of Gulf Power Company regarding issues and positions and Certificate of Service

- CMP \_\_\_\_\_
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DOCUMENT NUMBER-DATE

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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. 060001-EI  
Filed: September 22, 2006

**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 2005 through December 2005?

**GULF:** Under recovery \$20,174,117. (Ball, Martin)

**ISSUE 2:** What are the appropriate fuel adjustment true-up amounts for the period January 2006 through December 2006?

**GULF:** Under recovery \$26,505,347. (Ball, Martin)

**ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded during the period January 2007 through December 2007?

**GULF:** Collection of \$46,679,464. (Martin)

**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 2007 through December 2007?

**GULF:** 1.00072. (Martin)

**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 2007 through December 2007?

**GULF:** \$454,779,064. (Martin)

**ISSUE 6:** What are the appropriate levelized fuel cost recovery factors for the period January 2007 through December 2007?

**GULF:** 3.939 cents/kWh. (Martin)

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

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

<b>Group</b>	<b>Rate Schedules</b>	<b>Line Loss Multipliers</b>
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00526
B	LP, LPT, SBS(2)	0.98890
C	PX, PXT, RTP, SBS(3)	0.98063
D	OSI/II	1.00529

- (1) Includes SBS customers with a contract demand in the range of 100 to 499 KW
- (2) Includes SBS customers with a contract demand in the range of 500 to 7,499 KW
- (3) Includes SBS customers with a contract demand over 7,499 KW

**ISSUE 8:** What are the appropriate Fuel Cost Recovery Factors for each rate class/delivery voltage level class adjusted for line losses?

**GULE:** See table below: (Martin)

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP, GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00526	3.960	4.415	3.774
B	LP, LPT, SBS(2)	0.98890	3.895	4.343	3.712
C	PX, PXT, RTP, SBS(3)	0.98063	3.863	4.307	3.681
D	OSI/II	1.00529	3.939	N/A	N/A

\*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) 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 (3) 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 and capacity cost recovery charge for billing purposes?

The new fuel factors should be effective beginning with the first billing cycle for

January 2007 and thereafter through the last billing cycle for December 2007. The first billing cycle may start before January 1, 2007, and the last cycle may be read after December 31, 2007, 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 2006 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**GULF:** \$3,546,453. (Martin, Ball)

**ISSUE 11:** What are the appropriate estimated benchmark levels for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**GULF:** \$3,092,606. (Martin, Ball)

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

NONE RAISED BY GULF POWER COMPANY

#### **Generic Generating Performance Incentive Factor Issues**

**ISSUE 17:** What is the appropriate GPIF reward or penalty for performance achieved during the period January 2005 through December?

**GULF:** \$842,874 penalty. (Noack)

**ISSUE 18:** What should the GPIF targets/ranges be for the period January 2007 through December 2007?

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

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	98.3	0.0	1.7	10,545
Crist 5	97.1	0.0	2.9	10,422
Crist 6	85.3	8.2	6.5	10,258
Crist 7	83.5	3.3	13.2	10,225
Smith 1	78.6	19.7	1.7	10,259
Smith 2	89.4	0.0	10.6	10,328
Daniel 1	82.5	13.4	4.0	10,046
Daniel 2	93.9	1.9	4.2	9,834

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 23:** What are the appropriate capacity cost recovery true-up amounts for the period January 2005 through December 2005?

**GULF:** Over recovery of \$112,632. (Ball, Martin)

**ISSUE 24:** What are the appropriate capacity cost recovery true-up amounts for the period January 2006 through December 2006?

**GULF:** Under recovery of \$223,116. (Ball, Martin)

**ISSUE 25:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2007 through December 2007?

**GULF:** Collection of \$110,484. (Martin)

**ISSUE 26:** What are the appropriate projected net purchased power capacity cost amounts to be included in the recovery factor for the period January 2007 through December 2007?

**GULF:** \$31,663,162. (Ball, Martin)

**ISSUE 27:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2007 through December 2007?

**GULF:** 96.64872%. (Ball, Martin)

**ISSUE 28:** What are the appropriate capacity cost recovery factors for the period January, 2007 through December, 2007?

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

<b>RATE CLASS</b>	<b>CAPACITY COST RECOVERY FACTORS ¢/KWH</b>
RS, RSVP	0.311
GS	0.301
GSD, GSDT, GSTOU	0.267
LP, LPT	0.231
PX, PXT, RTP, SBS	0.193
OS-I/II	0.133
OSIII	0.200

Company-Specific Capacity Cost Recovery Issues

NONE RAISED BY GULF POWER COMPANY

**ISSUE 33:** Should the Commission amend or modify the existing GPIF mechanism so as to incorporate a “dead band” around the scale of Generating Performance Incentive Points in the amount proposed by OPC?

**GULF:** No. The Commission should not amend or modify the existing GPIF mechanism to incorporate a “dead band” around the scale of Generating Performance Incentive Points as proposed by OPC.

**ISSUE 34:** If the “dead band” amendment to the GPIF mechanism is implemented by the Commission should it be applied for the current year so that the rewards or penalties are applied commencing January 1, 2007?

**GULF:** No. The “dead band” amendment to the GPIF mechanism should not be applied for the current year. The “dead band” amendment to the GPIF mechanism should not be implemented by the Commission.

Respectfully submitted this 22 day of September, 2006.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No.: 060001-EI

**CERTIFICATE OF SERVICE**

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