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October 4, 2007

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

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COMMISSION
CLERK

Dear Ms. Cole:

RE: Docket No. 070007-EI

Enclosed are an original and fifteen 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 Prehearing Statement in Microsoft Word for Windows format as prepared on a Windows NT based computer.

CMP _____ Sincerely,

COM _____
CTR _____ *Susan D. Ritenour*
ECR _____ *brh*

GCL _____ *1(CD)*

OPC _____

RCA _____ *4*

SCR _____ Enclosures

SGA _____ cc: Beggs & Lane
SEC _____ Jeffrey A. Stone, Esq.

OTH _____

DOCUMENT NUMBER-DATE
09163 OCT-5 5

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost Recovery)
Clause)

Docket No. 070007-EI
Date Filed: October 5, 2007

PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company, (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned attorneys, and pursuant to Order No. PSC-07-0174-PCO-EI establishing the prehearing procedure in this docket, files this prehearing statement, saying:

A. APPEARANCES:

JEFFREY A. STONE, Esquire, RUSSELL A. BADDERS, Esquire
and STEVEN R. GRIFFIN 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-ups and Projection)	1, 2, 3, 4
2. R. J. Martin (Gulf)	Environmental compliance cost recovery calculations (True-ups and Projection)	1, 2, 3, 4, 5, 6, 7, 8

DOCUMENT NUMBER-DATE

09163 OCT-5 5

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C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
(RJM-1)	Martin	Calculation of Final True-up 1/06 – 12/06
(RJM-2)	Martin	Calculation of Estimated True-up 1/07 – 12/07
(RJM-3)	Martin	Calculation of Projection 1/08 - 12/08

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 2008 through December 2008 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 final environmental cost recovery true-up amounts for the period ending December 31, 2006?

GULF: Over recovery \$2,258,385. (Vick, Martin)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January 2007 through December 2007?

GULF: Under recovery \$2,117,926. (Vick, Martin)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2008 through December 2008?

GULF: \$49,861,194. (Vick, Martin)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2008 through December 2008?

GULF: \$49,720,735 excluding revenue taxes. (Vick, Martin)

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 2008 through December 2008?

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. (Martin)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2008 through December 2008?

GULF: The demand jurisdictional separation factor is 96.642160%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales. (Martin)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2008 through December 2008 for each rate group?

GULF: See table below: (Martin)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/kWh
RS, RSVP	.436
GS	.431
GSD, GSDT, GSTOU	.423
LP, LPT	.411
PX, PXT, RTP, SBS	.401
OS-I/II	.391
OSIII	.413

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 2008 through December 2008. Billing cycles may start before January 1, 2008, and the last cycle may be read after December 31, 2008, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Martin)

Company - Specific Environmental Cost Recovery Issues

NONE RAISED BY GULF POWER COMPANY

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. PENDING CONFIDENTIALITY REQUEST:

GULF: Gulf Power's request for confidential classification of certain information provided by the Company in response to Commission Staff's July 27, 2007 Data Request on CAIR/CAMR/CAVR Compliance.

I. 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 6-8, 2007, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 4th day of October, 2007.

Respectfully submitted,



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Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: **Environmental Cost**)
Recovery Clause)
_____)

Docket No.: **070007-EI**

CERTIFICATE OF SERVICE

4th I HEREBY CERTIFY that a copy of the foregoing has been furnished this day of October, 2007, by regular U. S. Mail to the following:

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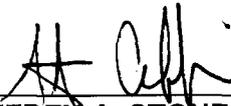
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