

Gulf Power Company
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ORIGINAL
FILE COPY

Susan D. Cranmer
Assistant Secretary and
Assistant Treasurer

the southern electric system

November 21, 1996

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

Dear Ms. Bayo:

Enclosed for official filing in Docket No. 960001-EI are an original and fifteen copies of the following:

1. Gulf Power Company's Petition for Approval of Mid-Course Adjustment to its Purchased Power Capacity Factors.
2. Schedules CCE-1 (Mid-Course), CCE-1a (Mid-Course), CCE-1b (Mid-Course), CCE-1c (Mid-Course), and CCE-2 (Mid-Course).
3. Ninth Revised Tariff Sheet No. 6.15.1.

Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

Sincerely,

Susan D. Cranmer

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Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

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"Our business is customer satisfaction"

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 960001-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 21st day of November 1996 on the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FILE COPY

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

Docket No. 960001-EI
Filed: November 22, 1996

**GULF POWER COMPANY'S PETITION FOR APPROVAL OF
MID-COURSE ADJUSTMENT TO ITS PURCHASED POWER CAPACITY FACTORS**

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby petitions this Commission for approval of a mid-course adjustment to the Company's currently authorized purchased power capacity factors. As grounds for the relief requested by this petition, the Company would respectfully show:

(1) Gulf Power Company is a utility subject to the jurisdiction of the Florida Public Service Commission pursuant to Chapter 366, Florida Statutes.

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

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer
Gulf Power Company
P. O. Box 13470
Pensacola, FL 32591-3470

(3) In Order No. 13694, issued September 20, 1984, the Commission placed the responsibility for seeking a mid-course correction on the utility if it became aware that an over/under recovery of greater than 10% would occur. Based on circumstances discussed in the following paragraphs, Gulf projects that the over/under recovery balance related to the Company's Purchased Power Capacity Cost Recovery Clause at the end of the current recovery period (October 1996 through September 1997) will be an over-recovery that is in excess of the 10% threshold. In order to avoid this excessive over-recovery, Gulf is hereby seeking authority to

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revise its capacity cost recovery factors downward effective with the first billing cycle in January 1997.

(4) The variance results from a change in projected billings to Gulf Power pursuant to the Southern electric system's Intercompany Interchange Contract ("IIC"). In its June 24, 1996 projection filing, Gulf estimated IIC payments for the October 1996 - September 1997 recovery period to be \$10,735,529. With actual data for October 1996 and revised data for November 1996 through September 1997, Gulf now estimates the IIC payments for October 1996 through September 1997 to be \$5,383,394. This change resulted from the Federal Energy Regulatory Commission's ("FERC") acceptance of, subject to refund, the Southern electric system's IIC Amendment No. 6. As presented by Gulf's witness, Mr. M.W. Howell, in his testimony filed in this docket on June 24, 1996, the Southern electric system filed IIC Amendment 6 with the FERC on May 10, 1996. The purpose of IIC Amendment No. 6 was to update and improve the IIC's capacity equalization process. The changes proposed in IIC Amendment No. 6 will lower Gulf's capacity payments to the pool for the projected recovery period. Mr. Howell testified that Gulf would monitor the FERC's review and acceptance of the filed amendment and would propose a mid-course correction to its October 1996 -September 1997 capacity cost projections if appropriate.

After lengthy FERC staff review, the FERC issued an order in FERC docket ER96-1794-000 on September 12, 1996 accepting, subject to refund, Southern's IIC Amendment No. 6 filing. The FERC has scheduled hearings for early March 1997 to fully examine IIC Amendment No. 6. Based on the FERC's acceptance, subject to refund, the Southern electric system has begun billing capacity transactions in accordance with the amendment's provisions.

As a result, Gulf's projected capacity payments made pursuant to the IIC during the current recovery period are now significantly lower than the projections that were incorporated in the Company's currently effective capacity cost recovery factors. Therefore, Gulf is now proposing new projected capacity cost recovery factors based on the mid-course correction of Gulf's capacity cost projections.

(5) Based on actual data through October 1996 and revised estimates through September 1997, Gulf projects a true-up amount of \$3,702,945 to be refunded during January 1997 through September 1997. The calculation supporting this amount is found on Schedule CCE-1a (Mid-Course) which is attached hereto with Schedules CCE-1 (Mid-Course), CCE-1b (Mid-Course), CCE-1c (Mid-Course) and CCE-2 (Mid-Course). These schedules are incorporated herein by reference.

(6) The total recoverable capacity payments that Gulf seeks to recover during the proposed recovery period of January 1997 through September 1997 are \$4,426,546 as shown on Schedule CCE-1 (Mid-Course) which is also attached hereto. The revised purchased power capacity cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RST	.078
GS, GST	.075
GSD, GSDT	.056
LP, LPT	.051
PX, PXT, RTP	.042
SBS	.053
OSI, OSII	.019
OSIII	.045
OSIV	.094

(7) A residential bill for 1,000 KWH for the period January through September 1997 under this revised request will be \$69.84. This represents a reduction of \$.90 from the factors currently in effect.

(8) Gulf Power requests that the proposed revised purchased power capacity cost recovery factors be applied beginning with the period January 1, 1997 through September 30, 1997.

(9) Expedited treatment of this matter is hereby requested by Gulf Power, so that the factors may be in effect beginning with the first billing cycle of January 1997. Gulf requests that this matter be heard by the Commission at its Agenda scheduled for December 17, 1996, as a tariff sheet revision with an effective date of January 1, 1997.

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the proposed revised capacity cost recovery factors for the period January 1, 1997 through September 30, 1997.

Dated the 21st day of November, 1996.



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**Projected Purchased Power Capacity Payments/(Receipts)
Gulf Power Company
For January 1997 - September 1997**

	January	February	March	April	May	June	July	August	September	Total
1 Projected IIC Payments/(Receipts) (\$)	519,635	1,459,972	1,617,918	33,508	589,187	810,266	665,533	408,064	417,156	6,521,239
2 Projected Capacity Payments to Monsanto (\$)	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	559,818
3 Total Projected Capacity Payments/(Receipts) (Line 1 - Line 2) (\$)	581,837	1,522,174	1,680,120	95,710	651,389	872,468	727,735	470,266	479,358	7,081,057
4 Jurisdictional %	0.963189	0.963189	0.963189	0.963189	0.963189	0.963189	0.963189	0.963189	0.963189	0.963189
5 Projected Jurisdictional Capacity Payments/(Receipts) (Line 3 x Line 4) (\$)	560,419	1,466,141	1,618,273	92,187	627,411	840,352	700,946	452,955	461,712	6,820,396
6 Amount Included in Retail Base Rate Revenues (\$)	(137,666)	(137,667)	(137,667)	(137,666)	(137,667)	(137,667)	(137,666)	(137,667)	(137,667)	(1,239,000)
7 Jurisdictional Amount to be Recovered (Line 5 - Line 6) (\$)	698,085	1,603,808	1,755,940	229,853	765,078	978,019	838,612	590,622	599,379	8,059,396
8 True-Up (\$)										(3,702,945)
9 Total Jurisdictional Amount to be Recovered (Line 7 + Line 8) (\$)										4,356,451
10 Revenue Tax Multiplier										1.01609
11 Total Recoverable Capacity Payments/(Receipts) (Line 9 x Line 10) (\$)										4,426,546

Calculation of Jurisdictional % *

	12 CP KW	%
FPSC	1,596,935.08	96.31890%
FERC	61,031.42	3.68110%
Total	1,657,966.50	100.00000%

* Based on 1995 Actual Data

Schedule CCE-1a
Mid-Course Correction

Purchased Power Capacity Cost Recovery Clause
Calculation of True-up
Gulf Power Company
January 1997 - September 1997

1	Estimated over/(under)-recovery, October 1996 - December 1996 (Schedule CCE-1c, line)	3,315,668
2	a. Actual over/(under)-recovery, October 1995 - September 1996 (Schedule CCE-1b, line 16)	\$172,787
	b. True-Up refunded in October 1996 - December 1996	(196,215)
3	Final True-up, April 1995 - September 1995 (Exhibit No. ___(SDC-1), filed May 17, 1996)	<u>\$410,705</u>
4	Total Over/(Under)-Recovery	<u><u>\$3,702,945</u></u>
4	Jurisdictional KWH sales, January 1997 - September 1997	6,866,318,000
5	True-up Factor (Line 3 / Line 4) x 100 (Cents/KWH)	(0.0539)

Schedule CCE-1c
Mid-Course Correction

**Purchased Power Capacity Cost Recovery Clause
Calculation of Estimated True-Up Amount
Gulf Power Company
For the Period October 1996 - December 1996**

	Actual October	Estimated November	Estimated December	Total
1 IIC Payments/(Receipts) (\$)	(175,876)	(820,361)	(141,608)	(1,137,845)
2 Projected Capacity Payments to Monsanto (\$)	<u>62,202</u>	<u>62,202</u>	<u>62,202</u>	186,606
3 Total Capacity Payments/(Receipts) (Line 1 + Line 2) (\$)	(113,674)	(758,159)	(79,406)	(951,239)
4 Jurisdictional %	<u>0.9631890</u>	<u>0.9631890</u>	<u>0.9631890</u>	
5 Jurisdictional Capacity Payments/(Receipts) (Line 3 x Line 4) (\$)	(109,490)	(730,250)	(76,483)	(916,223)
6 Amount Included in Retail Base Rate Revenues (\$)	<u>(137,667)</u>	<u>(137,666)</u>	<u>(137,666)</u>	(412,999)
7 Total Jurisdictional Recovery Amount (Line 5 - Line 6) (\$)	<u>28,177</u>	<u>(592,584)</u>	<u>61,183</u>	(503,224)
8 Retail KWH Sales		582,899,000	694,310,000	
9 Purchased Power Capacity Cost Recovery Factor (¢/KWH)		0.138	0.138	
10 Capacity Cost Recovery Revenues (Line 8 x Line 9/100) (\$)	866,684	804,401	958,148	2,629,233
11 Revenue Taxes (Line 10 x .01583) (\$)	13,720	12,734	15,167	41,621
12 True-Up Provision (\$)	<u>65,405</u>	<u>65,405</u>	<u>65,405</u>	196,215
13 Capacity Cost Recovery Revenues net of Revenue Taxes (Line 10 - Line 11 + Line 12) (\$)	<u>918,369</u>	<u>857,072</u>	<u>1,008,386</u>	<u>2,783,827</u>
14 Over/(Under) Recovery (Line 13 - Line 7) (\$)	890,192	1,449,656	947,203	3,287,051
15 Interest Provision (\$)	4,489	9,489	14,639	28,617
16 Total Estimated True-Up for the Period October 1996 - December 1996 (Line 14 + Line 15) (\$)				<u>3,315,668</u>

Interest Provision for November and December calculated at October's rate of .4508%.

**Calculation of Purchased Power Capacity Cost Recovery Factors
Gulf Power Company
January 1997 - September 1997**

Rate Class	A	B	C	D	E	F	G	H	I
	Average 12 CP Load Factor at Meter	Jan 97 - Sept 97 Projected KWH Sales at Meter	Projected Avg 12 CP KW at Meter Col B / (6,552 hours x Col A)	Demand Loss Expansion Factor	Energy Loss Expansion Factor	Jan 97 - Sept 97 Projected KWH Sales at Generation Col B x Col E	Projected Avg 12 CP KW at Generation Col C x Col D	Percentage of KWH Sales at Generation Col F / Total Col F	Percentage of 12 CP KW Demand at Generation Col G / Total Col G
RS, RST	55.052614%	3,243,206,000	899,130.44	1.1019333	1.0766175	3,491,692,336	990,781.77	47.72340%	57.71023%
GS, GST	57.194949%	188,286,000	50,244.26	1.1019255	1.0766135	202,711,249	55,365.43	2.77060%	3.22488%
GSD, GSDT	77.730883%	1,471,811,000	288,991.16	1.1016647	1.0764011	1,584,258,979	318,371.36	21.65318%	18.54423%
LP, LPT	83.217644%	1,244,974,000	228,334.21	1.0601470	1.0444167	1,300,271,637	242,067.83	17.77172%	14.09977%
PX, PXT, RTP	99.981695%	613,784,000	93,696.03	1.0313379	1.0235079	628,212,773	96,632.27	8.58622%	5.62855%
OS-I, OS-II	296.003708%	49,687,000	2,561.96	1.1020255	1.0766162	53,493,829	2,823.35	0.73114%	0.16445%
OS-III	101.017736%	14,287,000	2,158.59	1.1024447	1.0766529	15,382,140	2,379.73	0.21024%	0.13861%
OS-IV	44.803099%	2,213,000	753.88	1.1024447	1.0766529	2,382,633	831.11	0.03257%	0.04841%
SBS	77.434327%	37,134,000	7,319.21	1.0341119	1.0263949	38,114,148	7,568.88	0.52093%	0.44087%
TOTAL	66.579943%	6,865,382,000	1,573,189.74			7,316,519,724	1,716,821.73	100.00000%	100.00000%

Notes:

Col A - Average 12 CP load factor based on actual 1995 load research data.

Col C - 6,552 is the number of hours in 9 months.

Calculation of Purchased Power Capacity Cost Recovery Factors
Gulf Power Company
January 1997 - September 1997

Rate Class	A Jan 97 - Sept 97 Percentage of KWH Sales at Generation Page 1, Col H	B Percentage of 12 CP KW Deman at Generation Page 1, Col I	C Energy- Related Costs (\$)	D Demand- Related Costs (\$)	E Total Capacity Costs (\$) Col C + Col D	F Jan 97 - Sept 97 Projected KWH Sales at Meter Page 1, Col B	G Capacity Cost Recovery Factors (\$ / KWH) Col E / Col F x 100
RS, RST	47.72340%	57.71023%	162,500	2,358,065	2,520,565	3,243,206,000	0.078
GS, GST	2.77060%	3.22488%	9,434	131,770	141,204	188,286,000	0.075
GSD, GSDT	21.65318%	18.54423%	73,730	757,725	831,455	1,471,811,000	0.056
LP, LPT	17.77172%	14.09977%	60,513	576,123	636,636	1,244,974,000	0.051
PX, PXT, RTP	8.58622%	5.62855%	29,236	229,985	259,221	613,784,000	0.042
OS-I, OS-II	0.73114%	0.16445%	2,490	6,719	9,209	49,687,000	0.019
OS-III	0.21024%	0.13861%	716	5,664	6,380	14,287,000	0.045
OS-IV	0.03257%	0.04841%	111	1,978	2,089	2,213,000	0.094
SBS	0.52093%	0.44087%	1,774	18,014	19,788	37,134,000	0.053
TOTAL	100.00000%	100.00000%	\$340,504	\$4,086,043	\$4,426,547	6,865,382,000	0.064

Notes:

Col C - (Recoverable Amount from Schedule CCE-1, line 11) / 13 x Col A

Col D - (Recoverable Amount from Schedule CCE-1, line 11) x 12 / 13 x Col B

GULF POWER COMPANY

RATE SCHEDULE PPCC

PURCHASED POWER CAPACITY COST RECOVERY CLAUSE

APPLICABILITY - Applicable as a modification of each filed rate of the Company in which reference is made to Rate PPCC.

DETERMINATION OF PURCHASED POWER CAPACITY COST RECOVERY FACTOR - The purpose of the Purchased Power Capacity Cost Recovery Clause is the recovery of payments made by the Company for capacity, net of revenues received by the Company for capacity sales. Costs are classified and allocated to the rate classes using a demand allocation method consistent with the cost of service methodology approved in the Company's last rate case.

The monthly charge of each rate schedule shall be increased or decreased \$0.00001 (1/100 of a mill) per kilowatt-hour for each \$0.00001 (1/100 of a mill) increase or decrease in the projected cost of purchased power capacity per kilowatt-hour. The total cost recovery factor per KWH applicable to energy delivered will include, when applicable, a true-up, with interest, to prior actual costs, and will be determined in accordance with the formula and procedures specified by the Florida Public Service Commission. Such increase or decrease shall be adjusted for taxes which are based upon gross receipts.

January 1997 through September 1997, Purchased Power Capacity Cost Recovery factors are as shown below:

<u>Rate Schedule</u>	<u>Purchased Power Capacity Cost Recovery Factor \$/KWH</u>
RS, RST, RSVP	.078
GS, GST	.075
GSD, GSDD	.058
LP, LPT	.051
PX, PXT, RTP	.042
OS-I, OS-II	.019
OS-III	.045
OS-IV	.094
SBS	.053

SERVICE UNDER THIS RATE SCHEDULE IS SUBJECT TO RULES AND REGULATIONS OF THE COMPANY AND THE FLORIDA PUBLIC SERVICE COMMISSION.

GULF POWER COMPANY

RATE SCHEDULE PPCC

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January 1997/October-1996 through September 1997, Purchased Power Capacity Cost Recovery factors are as shown below:

<u>Rate Schedule</u>	<u>Purchased Power Capacity Cost Recovery Factor ¢/KWH</u>
RS, RST, RSVP	.078-167
GS, GST	.075-161
GSD, GSDT	.058-121
LP, LPT	.051-110
PX, PXT, RTP	.042-091
OS-I, OS-II	.019-040
OS-III	.045-096
OS-IV	.094-203
SBS	.053-114

SERVICE UNDER THIS RATE SCHEDULE IS SUBJECT TO RULES AND REGULATIONS OF THE COMPANY AND THE FLORIDA PUBLIC SERVICE COMMISSION.