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Pensacola, Florida 32520

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October 22, 1999

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

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RECORDS AND REPORTING

Dear Ms. Bayo:

RE: Docket No. 990002-EG

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 WordPerfect 8 for Windows 6.1 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour (lid)

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG 1 _____
- LEG 1 _____
- MAS 3 _____
- OPC _____
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- SEC 1 _____
- WAW _____
- OTH _____

Enclosure

Beggs and Lane
J. A. Stone, Esquire

DOCUMENT NUMBER-DATE

13044 OCT 25 99

RECORDS AND REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery)
Clause)
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_____)

Docket No. 990002-EG
Date Filed: October 22, 1999

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-98-1239-PCO-EG and 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, 700 Blount Building, 3 West Garden
Street, P.O. Box 12950, Pensacola, FL 32576-2950
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 (Direct)</u>	<u>Subject Matter</u>	<u>Issues</u>
1. Margaret D. Neyman	Components of Gulf's Conservation Plan and associated costs; projections and program results	1, 2, 5, 6, 7, 8,

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (MDN-1)	Neyman	Schedules CT-1 through CT-6
_____ (MDN-2)	Neyman	Schedules C-1 through C-5

D. STATEMENT OF BASIC POSITION

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the proposed ECCR factor presents the best estimate of Gulf's Conservation expense for the period January 2000 through December 2000, including the true-up calculations and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Energy Conservation Cost Recovery Issues

ISSUE 1: What is the final end-of-period true-up amount for the period April 1, 1998, through December 31, 1998?

GULF: \$370,678. (Neyman)

ISSUE 2: What are the appropriate conservation cost recovery factors by customer class for the period January 1, 2000 through December 2000?

GULF: See table below: (Neyman)

RATE CLASS	CONSERVATION COST RECOVERY FACTORS ¢/KWH
RS, RST	0.038
GS, GST	0.038
GSD, GSDT	0.037
LP, LPT	0.035
PX, PXT, RTP, CSA	0.033
OSI, OSII	0.033
OSIII	0.035
OSIV	0.042
SBS	0.033

Company-Specific Conservation Cost Recovery Issues

ISSUE 5: What is Gulf's appropriate end-of-period over(under) recovery for the previous Conservation filing for October 1997 to March 1998?

GULF: The adjusted net true-up amount of \$167,208, as shown in Docket No. 980002-EG, CT-1, page 1 of 1, was approved in FPSC Order No. PSC-98-1688-FOF-EG. (Neyman)

ISSUE 6: What adjustments should be made to GPC's April 1998 to December 1998 over(under) recovery and 1999 actual/estimated true-up period in the 2000 projections for errors GPC made in the 1999 Projections Filing (Docket No. 990002-EG)?

GULF: No adjustment is necessary. The error Gulf made in the 1999 Projection filing overstated the over recovery of April, 1998 through December, 1998, by \$256,104. For the 1999 actual/estimated true-up period in the 2000 projection filing, Gulf is \$912,032 under recovered which incorporates the error correction of \$256,104. (Neyman)

ISSUE 7: Should Gulf be allowed to recover fees paid for the conversion of gas to electric hot water heaters through the ECCR?

GULF: Gulf is not requesting and has not requested the recovery of fees paid for the conversion of gas to electric hot water heaters. As a result, this issue is not appropriate for discussion at this time. Some fees were inadvertently charged to ECCR accounts due to an accounting error. An adjusting entry to remove these costs has already been made by the Company and no such costs have been passed through to customers through the ECCR clause. (Neyman)

ISSUE 8: What are the appropriate legal fees that GPC should be allowed to charge to ECCR?

GULF: The only legal fees included in Gulf's filing are related to the Residential Advanced Energy Management (AEM) program and the Commercial/ Industrial Energy Audit/Technical Assistance program. Specifically, contract negotiations and subsequent contract administration of Gulf's contracts with product vendors

accounted for the legal expenses in the AEM program. Similarly, the legal expenses incurred in the Commercial/ Industrial Energy Audit/Technical Assistance program resulted from the negotiation and administration of cogeneration contracts. These fees were incurred in Gulf's implementation of the two programs and therefore qualify for cost recovery through the ECCR. Commission Order PSC-96-0352-FOF-EG supports the inclusion of these legal fees for cost recovery. (Neyman)

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:

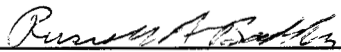
GULF: None.

H. OTHER MATTERS:

GULF: To the best knowledge of counsel, Gulf has complied, or is able to comply, 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 22-23, 1999, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 22nd day of October, 1999.

Respectfully submitted,


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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Cost Recovery)
_____)

Docket No. 990002-EG

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 23rd day of October 1999 to the following:

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