

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power Company)
for an Increase in its Rates)
and Charges)

Docket No. 891345-EI
Date Filed: 2/6/90

GULF POWER COMPANY'S MOTION TO STRIKE
PUBLIC COUNSEL'S MOTION TO DENY
INTERIM RATE INCREASE

Gulf Power Company ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, hereby moves to strike Public Counsel's Motion to Deny Gulf Power Company's Request for Interim Rate Increase, ("Public Counsel's Motion") and states:

1. Gulf's request for interim rate relief is on the agenda for the Commission's consideration at the regular Commission conference set to begin at 9:30 on February 6, 1990.
2. Gulf's Petition and Request for Interim Increase in Rates and Charges was filed December 15, 1989. In order to be timely filed pursuant to Rule 25-22.037 F.A.C., Public Counsel's Motion needed to be filed no later than January 4, 1990.
3. Public Counsel's Motion was not filed until Monday, February 5, 1990. Gulf's counsel did not receive a copy of said motion until receipt of a telefax late in the afternoon of February 5. It appears that Public Counsel's Motion, in addition to being untimely, was calculated to deny Gulf the opportunity to file a timely response.

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4. Public Counsel's Motion purportedly seeks to exclude from consideration, for the purpose of setting interim rates, all of the investment and expenses associated with Gulf's ownership share of Plant Scherer. Such action is totally unwarranted in regards to interim rates since the ratepayer is adequately protected through the "refund with interest" provisions of the interim rate sections of the statute [§§366.071 and 366.06(3) Fla. Stat. (1989)]. The sense of fairness and balance provided to the ratepayer through the "refund with interest" mechanism is lost to the Company if needed interim rate relief is not granted. The Company's December 15 filing demonstrates Gulf's need for interim rate relief. If interim rate relief is denied, the Company has no opportunity to make up revenues foregone during the period before final rates are set.

5. All of Gulf's 25% share of Plant Scherer Unit No. 3 was purchased for the sole purpose of meeting Gulf's statutory obligation to serve its customers. As recognized by the Commission in Order No. 10557 of Docket No. 810136-EU, (Gulf's 1981 rate case) "... the decisions involving the expansion of Gulf Power [generating capacity] are based on the long-term best interest of Gulf's customers. The cost savings associated with Gulf's participation in Plant Daniel and Plant Scherer in lieu of Caryville are examples of Gulf's coordination with the Southern Company". (emphasis added) Only 63 MW of Plant Scherer capacity is included in this rate case.

6. Contrary to the implication of Public Counsel's Motion, the 63 MW of Gulf's ownership share in Plant Scherer Unit 3 included in the rate case (and the associated transmission lines) are in service for Gulf's territorial customers. This fact is evident from the events of the Christmas weekend, 1989. Gulf's 63 MW from Scherer Unit 3 was utilized extensively to meet the energy and capacity needs of Gulf's territorial customers. For example, on December 23, 1989, Gulf's available generating capacity (excluding capacity derated due to outages, operational limitations, etc.) at peak hour was slightly over 1,600 MW. This includes the 63 MW of Gulf's ownership share of Scherer Unit 3 relevant to this rate case, which was fully available and fully loaded. Gulf's all time peak demand of 1,821 MW was set on December 23, 1989. Thus without Gulf's 63 MW of Scherer Unit 3 on line and generating and the availability of the Southern electric system resources through the pool (along with the associated transmission system), Gulf's territorial customers would have experienced rolling blackouts similar to those which occurred elsewhere in the same timeframe.

7. The arguments raised by Public Counsel with regard to Gulf's 63 MW of Plant Scherer are more appropriately addressed in the hearings scheduled for June 1990 on the Company's request for permanent relief. The Commission should reject Public Counsel's Motion and should not consider the arguments therein in its decision regarding the proper amount of interim rate relief that should be granted in this case.

WHEREFORE, for the reasons stated above, Gulf Power Company respectfully requests that the Commission strike Public Counsel's motion to deny the Company's request for interim rate increase and that the arguments raised in said motion be rejected from consideration by the Commission in its determination of the appropriate level of interim rate relief to be granted in this case.

Respectfully submitted this 6th day of February, 1990.



G. EDISON HOLLAND, JR.
Florida Bar No. 261599
JEFFREY A. STONE
Florida Bar No. 325953
Beggs & Lane
P.O. Box 12950
Pensacola, FL 32576
(904) 432-2451
Attorneys for Gulf Power Co.

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Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 6th day of February, 1990 by U.S. Mail or hand delivery to the following:

Jack Shreve, Esquire
Public Counsel
Florida House of Representatives
The Capitol
Tallahassee, FL 32399-1300

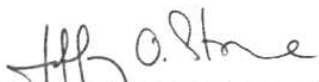
John W. McWhirter, Jr., Esquire
Lawson, McWhirter, Grandoff &
Reeves
P.O. Box 3350
Tampa, FL 33601

Suzanne Brownless, Esquire
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0863

Joseph A. McGlothlin, Esquire
Lawson, McWhirter, Grandoff &
Reeves
522 E. Park Avenue, Suite 200
Tallahassee, FL 32301

Major Gary A. Enders
HQ USAF/ULT
Stop 11
Tyndall AFB, FL 32403-6001

Richard Chais
ORI, Inc.
1375 Piccard Drive
Rockville, MD 20850



G. EDISON HOLLAND, JR.
Florida Bar No. 261599
JEFFREY A. STONE
Florida Bar No. 325953
Beggs & Lane
P.O. Box 12950
Pensacola, FL 32576
(904) 432-2451
Attorneys for Gulf Power Company