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Jack L. Haskins
Manager of Rates and Regulatory Matters
and Assistant Secretary

May 25, 1990

Mr. Steve Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee FL 32399-0870

Dear Mr. Tribble:

RE: Docket No. 891345-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Revised Prehearing Statement to be filed in the above docket.

Sincerely,

Jack L Haskins

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Enclosures

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Gulf Power Company for Rate Increase	)))	Docket No. 891345-EI Date filed: 05-25-90

REVISED PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company ("Gulf Power", "Gulf", "the Company"), by and through its undersigned counsel, and pursuant to Order No. 22750 issued March 29, 1990 and Rule 25-22.038(3) F.A.C., files its revised prehearing statement which incorporates positions on issues as identified and numbered following the prehearing conference of May 22, 1990 and sets forth the following:

A. BASIC POSITION:

Gulf Power's basic position is that Gulf's current rates and charges do not provide the Company a reasonable opportunity to earn a fair and reasonable rate of return for 1990 and beyond. The most reasonable period upon which to base permanent rates for Gulf to charge in the future is calendar year 1990.

The Company's adjusted jurisdictional rate base for the 1990 test year is projected to be $923,562,000; and the jurisdictional net operating income is projected to be $60,910,000 using the rates currently in effect. The resulting adjusted jurisdictional rate of return on average rate base is projected to be 6.60%, while the return on common equity is projected to be 7.52% for the 1990 test year. The Company is requesting in this docket that it be allowed an overall rate of return of 8.34% which equals its total cost of capital, assuming a 13.00% rate of return on common equity. The resulting revenue deficiency is $26,295,000 which is the amount of additional annual gross revenues requested by the Company in this proceeding.

As a provider of retail electric service to the people of Northwest Florida, Gulf has the statutory obligation to provide service to its customers in a "reasonable, sufficient, adequate, and efficient manner." Additionally, Gulf has the obligation to provide its shareholders with a "reasonable and adequate" return on their investment. Without adequate rate relief, Gulf cannot meet either of these obligations in the long run, and both the customers and shareholders will suffer. The customers will suffer from less reliable service and, eventually, higher costs of electricity; the shareholders will suffer from an inadequate and confiscatory return on their investment and consequently will be forced to seek other investment opportunities. For the reasons stated above, Gulf is respectfully requesting an increase in rates in the total sum of $26,295,000.

B. WITNESSES:

Known witnesses who may be called, the subject matter of their testimony and all known exhibits and the sponsoring witnesses:

Direct:

	Name	Subject Matter	Issues
1.	D. L. McCrary	Introduction & Policy	110
2.	A. E. Scarbrough	Accounting; Financial Matters	1, 4, 6, 8, 9, 14, 18, 25, 26, 29, 30, 40, 45, 51, 54, 55, 56, 59, 60, 69, 70, 90, 71, 73, 75, 89, 93, 98, 102, 103, 111, 112
3.	D. P. Gilbert	Budgeting & Planning Process	72, 74, 86, 87
4.	M. R. Bell	Review of Financial Forecast & Assumptions	
5.	R. J. McMillan	1990 Test Year Financial Forecast; Net Operating Income; Unit Power Sales, Rate Case, Cost of Capital, Revenue Requirements	1, 2, 3, 11, 13, 16, 17, 19, 20, 21, 27, 28, 31, 32, 33, 34, 36, 39, 41, 42, 43, 44, 46, 49, 52, 53, 57, 58, 82, 83, 84, 85, 109, 110, 111
6.	E. B. Parsons, Jr.	Production, System Planning & Expenses; UPS Concept	15, 22, 23, 24, 25, 26, 35, 73, 77, 78, 89, 94

7.	M. W. Howell	Transmission and Interchange	25, 26, 73, 80, 102
8.	C. R. Lee	Production Operation & Maintenance Budget; Power Generation	15, 22, 23, 73, 76, 79, 88, 89, 95, 99
9.	C. E. Jordan	Distribution Operation and Maintenance Expenses	12, 73, 81, 97
10.	E. C. Conner	Corporate Office; Bonifay & Graceville	5, 10, 15, 29, 54
11.	W. P. Bowers	Customer Service & Information; Sales; Marketing and Load Management	47, 61, 62, 63, 64, 65, 66, 67, 68, 73, 100, 101, 102, 108
12.	R. A. Morin*	Cost of Capital	37, 39, 40
13.	J. T. Kilgore	Customer, Energy & Demand Forecast & Load Research	49, 113, 119, 120
14.	M. T. O'Sheasy	Cost of Service Study	115, 116, 117, 118, 119
15.	J. L. Haskins	Rate Design	48, 114, 121-158

Rebuttal:

Name	Subject Matter	Issues
30. R. A. Morin*	Cost of Capital	37, 40
31. J. T. Kilgore	Customer, Energy and Demand Forecast	49, 113, 119, 120
32. M. T. O'Sheasy	Cost of Service Study	115, 128

* The testimony and exhibits of this witness have been stipublated into the record, and cross examination has ben waived. As a result, this witness has been excused from attendance at the hearings June 11-22, 1990.

33. J. L. Haskins	Rate Design	118, 121, 127, 128, 131, 134, 143
34. E. B. Parsons, Jr.	Generation Expansion & Reserves, Plant Held for Future Use, SCS Expenses, EPRI Research, R & D Projects	15, 22, 23, 25, 26, 78, 89, 94
35. M. W. Howell	Generation Expansion, UPS, Transmission Facility Charges	25, 26, 80
36. C. R. Lee	Production O & M Budget, Power Generation	73, 79, 88, 89, 95
37. C. E. Jordan	Distribution O & M Expenses, Greenhead Substation	12, 97
38. E. C. Conner	Corporate Office, Bonifay and Graceville, Navy House, Plant Held for Future Use	5, 7, 10, 15
39. A. E. Scarbrough	Accounting and Finance, Governmental Affairs, Tallahassee Office	4, 6, 8, 9, 18, 19, 29, 30, 38, 40, 45, 50, 51, 55, 56, 69, 71, 73, 93, 98
40. D. P. Gilbert	Budget Process and Budgeted Complement	86, 87
41. M. R. Bell	Review of Financial Forecast and Assumptions	86
42. R. J. McMillan	1990 Test Year; Financial Forecast	2, 11, 17, 19, 20, 21, 28, 31, 32, 33, 34, 36, 41, 58, 82, 85
43. R. H. Jackson	Employee Benefits	50, 91, 92, 93, 96, 98

44. R. D. Bushart	Economic Evaluation of Marketing Programs	62, 63
45. W. P. Bowers	Customer Service & Information; Sales	61, 62, 63, 64, 65, 66, 67, 68, 100, 101, 106, 107, 108
46. J. E. Hodges	Customer Services	100, 101, 104, 105, 106, 107
47. G. A. Fell	Investigative Matters	
48. D. L. McCrary	Management and Customer Service	38

C. EXHIBITS

See Gulf's Attachment "1" consisting of 25 pages.

D. STATEMENT OF ISSUES AND POSITIONS

Rate Base

1. ISSUE: Gulf Power has proposed a rate base of $923,562,000 ($1,192,516,000 System) for the test year. What is the appropriate level of rate base for 1990?

   GULF: The appropriate level of rate base for 1990 is $923,562,000 ($1,192,516,000 System). (Scarbrough, McMillan)

2. ISSUE: The company has included $1,275,624,000 ($1,307,579,000 System) of plant in service in rate base. Is this appropriate?

   GULF: Yes. (McMillan)

3. ISSUE: Gulf capitalized $1,964,394 ($6,937,131 System) in excess of the original cost capitalized by Georgia Power Company for its 25% share of Plant Scherer, Unit No. 3. Is this appropriate?

   GULF: In 1989, subsequent to preparation of the test year budget, Georgia agreed to refund to Gulf a portion of the purchase price related to the tax adder for AFUDC equity and certain deferred taxes related to Unit 3. As a result of the renegotiated price, the following adjustments to our forecast are required:
   (McMillan)

	System $	Jurisdictional $
Plant in Service	(5,279,291)	(1,520,119)
Accumulated Depreciation	(619,573)	(178,403)
Depreciation Expense	(169,116)	(48,691)
Deferred Income Taxes	1,333,211	384,237

4. <u>ISSUE</u>: As a result of its purchase of a portion of the common facilities at Plant Scherer, Gulf recorded an acquisition adjustment of $2,458,067 ($8,680,507 System). Is this appropriate?

<u>GULF</u>: Yes. The acquisition adjustment reflects the actual cost incurred in connection with the purchase of these facilities, and is properly accounted for in accordance with the Uniform System of Accounts promulgated by FERC and adopted by the Commission. These facilities were purchased from Olgethorpe and the City of Dalton at their original cost, plus a carrying charge in accordance with our Scherer Purchase Agreement, and the transaction resulted in no profit to the selling utilities. These costs are properly included in rate base. (Scarbrough)

Subsequent to the completion of the financial forecast used for this filing, Gulf received a refund from Ogelthorpe Power Corporation related to Gulf's purchase of its share of Scherer Common Facilities. This adjustment resulted from an SCS audit find that Ogelthorpe Power Corporation had inadvertently included some Scherer Unit 2 investment in the purchase price paid by Gulf. This refund was recorded to Gulf's books in 1989, and the following reductions to our filing would be appropriate:

	System $000	Jurisdictional $000
Plant in Service	628,521	180,976
Plant Acquisition Adjustment	15,060	4,337
Accumulated Depreciation	73,428	21,143
Depreciation Expense	19,440	5,599

5. <u>ISSUE</u>: Is the $31,645,000 total cost for the new corporate headquarters land, building, and furnishings reasonable?

<u>GULF</u>: Yes, the total cost for the Corporate Headquarters is reasonable. (Conner)

6. <u>ISSUE</u>: Is the Caryville "sod farm" operation being properly accounted for by Gulf Power Company?

<u>GULF</u>: Yes. (Scarbrough)

7. <u>ISSUE</u>: Should the investment and expenses associated with the "Navy House" be allowed?

<u>GULF</u>: Yes. (Conner)

8. <u>ISSUE</u>: Has Gulf properly allocated all of the appropriate capital investment and expenses to its appliance division?

<u>GULF</u>: Yes. (Scarbrough)

9. <u>ISSUE</u>: Should Gulf's investment in the Tallahassee office be included in rate base?

<u>GULF</u>: Yes. The Company's office in Tallahassee is leased space. This property is used and useful and the costs associated with this facility were included in the Company's 1984 rate case. The Company has already agreed to adjust 25 percent of these expenses, associated with Gulf's registered lobbyist, from this case. The remaining investment and expenses associated with this office should be included in base rates. Gulf being a regulated industry, its employees must constantly appear in hearings, workshops and other meetings before the FPSC and other regulatory agencies which are based in Tallahassee. The Company's office in Tallahassee fulfills a vital need in terms of coordinating and preparing for appearances at these meetings. (Scarbrough)

10. <u>ISSUE</u>: Should the total cost of the Bonifay and Graceville offices be allowed in rate base?

<u>GULF</u>: Yes. (Conner)

11. <u>ISSUE</u>: Gulf Power has proposed $454,964,000 ($466,642,000 System) as the proper level of accumulated depreciation to be used in this case. Is this appropriate?

<u>GULF</u>: The appropriate amounts are $454,964,000 ($1,451,703,000 System). (McMillan)

12. ISSUE: Should the plant investment made by Gulf to serve the Leisure Lakes subdivision be included in rate base?

GULF: Yes. This issue is misleading as worded. Gulf's investment in the Greenhead Substation should be included in rate base. This investment was originally intended in part to serve the Leisure Lakes Subdivision and represents part of the Company's investment to serve that load. By action of the Commission, Gulf was prohibited from serving Leisure Lakes; consequently, Gulf sold a portion of the facilities constructed for that purpose to the rural electric cooperative to whom the territory was awarded. The remaining investment constitutes Greenhead Substation which is used and useful serving Gulf's customers. (Jordan)

13. ISSUE: The company has included $14,949,000 ($15,739,000 System) of construction work in progress in rate base. Is this appropriate?

GULF: Yes. (McMillan)

14. ISSUE: Is the company's method of handling non-interest bearing CWIP consistent with the prescribed system of accounting?

GULF: Yes. (Scarbrough)

15. ISSUE: Gulf has included in its jurisdictional rate base $3,925,000 ($4,025,000 System) of plant held for future use. Is this appropriate?

GULF: Yes. This amount represents the original cost of land held for future use in the provision of electric service and is properly included in rate base. (Parsons, Lee, Conner)

16. ISSUE: Has Gulf allocated the appropriate amount of working capital to Unit Power Sales (UPS)?

GULF: Yes. The retail, wholesale, and UPS working capital amounts have been calculated based on the Florida Public Service Commission's requirement to use the balance sheet approach for determining working capital. (McMillan)

17. ISSUE: The company has included $81,711,000 ($200,266,000 System) of working capital in rate base. What is the appropriate level of working capital?

GULF: The appropriate amounts are $81,711,000 ($200,266,000 System). (McMillan)

18. ISSUE: Gulf has included $1,358,278 ($1,485,221 System) prepaid pension expense in its calculation of working capital. Is this appropriate?

GULF: Yes. Prepaid pension expense of $1,358,278 ($1,485,221 System) is appropriate. The Company prepaid certain pension benefits in accordance with IRS rules in order to maximize its income tax deduction. The customer receives the benefit of the deferred taxes in the capital structure at zero cost. This was a prudent decision by the Company and is appropriately included in rate base. (Scarbrough)

19. ISSUE: Should unamortized rate case expense be included in working capital?

GULF: Yes. The expenses incurred in preparing, filing, and completing a rate case are necessary and legitimate costs of doing business for a regulated company. Since these costs are to be recovered over a future period, the unamortized balance is properly included in working capital. (McMillan)

20. ISSUE: Should the net over-recoveries of fuel and conservation expenses be included in the calculation of working capital?

GULF: No. All fuel and conservation expenses, including the over-recoveries and under-recoveries are properly handled in separate recovery mechanisms as determined by this Commission. In Order No. 9273, (Docket No. 74680-EI), the Commission established that interest would be paid on over- and under-recoveries within the fuel conservation dockets, to counter any possible incentive to bias the projections in either direction. Therefore, since the customers already receive a return on over-recoveries through a reduction in the fuel component of their electric bill, it is inappropriate to reduce working capital and hence base rates for the same over-recovery amount. (McMillan)

21. ISSUE: Gulf has included $6,045,000 of temporary cash investments in working capital. Is this appropriate?

GULF: The statement in this issue is not correct. Gulf's filing reflects that temporary cash investments have been removed from jurisdictional adjusted working capital, consistent with Commission treatment in the last rate case. The appropriate amounts of temporary case investments for the 1990 test year are $6,045,000 ($6,399,000 System). These funds constitute essentially all of Gulf's available working funds, and are required and necessary for the provision of electric service to our customers. The Company believes it would be appropriate to include temporary cash investments in jurisdictional working capital. (McMillan)

22. ISSUE: Gulf has included $1,042,000 for heavy oil inventory. Is this appropriate?

GULF: Yes. The heavy oil at Crist Plant is the backup fuel for Units 1,2, and 3. The primary fuel for these units is natural gas, which is subject to interruption or curtailment. Without sufficient standby fuel on site, Crist Units 1,2, and 3 cannot be considered firm generating capacity. (Parsons, Lee)

23. ISSUE: Gulf has included $359,000 for light oil inventory. Is this appropriate?

GULF: Yes. The amount of lighter oil and combustion turbine oil inventory requested is nominal. The Company carries the minimum inventory necessary to account for plant consumption, allowances for procurement time, market volatility and potential supply disruptions. The Company is requesting $359,000 system for lighter and combustion turbine inventory at all five plants. (Parsons, Lee)

24. ISSUE: Gulf has included $57,426,000 for coal inventory. Is this appropriate?

GULF: Yes. The Company's request for coal inventory is based on a policy established by using the EPRI Utility Fuel Inventory Model. This model is widely recognized as an industry standard and the assumptions the Company uses are prudent and conservative. (Parsons)

25. ISSUE: Should 515 MW of Plant Daniel be included in Gulf Power's rate base?

GULF: Yes. The Commission has recognized the prudency of Gulf's partial ownership in Plant Daniel. Plant Daniel capacity was obtained for the long-term benefit of Gulf's territorial customers. This capacity is no longer dedicated to Unit Power Sales (UPS) customers, and provides capacity to Gulf's service area. (Parsons, Howell, Scarbrough)

26. ISSUE: Should 63 MW of Plant Scherer 3 be included in Gulf Power's rate base?

GULF: Yes. The Commission has recognized the prudency of Gulf's partial ownership of Plant Scherer, Unit 3. Plant Scherer capacity was obtained for the long-term benefit of Gulf's territorial customers. This capacity is not currently dedicated to UPS customers, and provides capacity to Gulf's service area. (Parsons, Howell, Scarbrough)

27. ISSUE: If Plant Scherer 3 is not included in rate base, what are the appropriate rate base and NOI adjustments to exclude it?

GULF: No adjustment is appropriate. Gulf has fully justified inclusion of the 63 MW of Scherer capacity in rate base. If the 63 MW is removed from rate base, with the associated expenses, then the entire impact of the Scherer capacity should likewise be removed. The territorial customers of Gulf receive substantial benefits from the unit power sales (UPS) contracts. If the territorial customers are to bear no burden of the Scherer capacity which Gulf purchased for their benefit, they should certainly receive none of the benefits. Gulf has not yet calculated the actual revenue impact of the removal of the 63 MW of Scherer capacity; however, properly taking the UPS benefits and Intercompany Interchange Contract credits into account, the adjustments result in revenue requirements of $2 million. The actual revenue requirements will be provided when available. (McMillan)

28. ISSUE: What adjustment is proper to remove the 1984 cancelled Southern Company Services' building from rate base?

GULF: Agree with Staff. (McMillan)

29. ISSUE: What adjustment to rate base is necessary to reflect the proper treatment for rebuilds and renovations which were expensed by the Company?

GULF: No adjustment is necessary. Gulf properly accounts for rebuilds and renovations. (Scarbrough, Conner)

30. ISSUE: What adjustment to rate base is necessary to remove the network protectors from expense to rate base?

GULF: No adjustment is necessary. Gulf properly accounts for maintenance of network protectors in O&M expenses. (Scarbrough)

31. ISSUE: Should the remaining balance in Other Investment be included in working capital?

GULF: Yes. These insurance reserves of deposits were required to obtain reasonable prices and terms of coverage and are properly included in rate base. (McMillan)

32. ISSUE: Should the working capital item titled "other accounts receivable" be removed?

GULF: No. These receivables represent amounts due the Company upon open accounts. The majority of these billings are for pole attachment rentals for which the revenues have been included in other operating revenues. The remaining accounts are related pole and line damage claims and other miscellaneous receivables of the Company. These amounts are properly included in working capital. (McMillan)

33. ISSUE: Has the Company overstated the materials and supply level?

GULF: No. These are utility related and properly included in working capital. (McMillan)

34. ISSUE: Should the amounts shown as "other current assets" and "other miscellaneous" deferred debits be removed from working capital?

GULF: No. (McMillan)

35. ISSUES: Should the Caryville Subsurface Study be removed from rate base?

GULF: No. The subsurface investigation of the Caryville site is still valid and will be utilized in conjunction with the addition of generation at Caryville. (Parsons)

36. ISSUE: What additional working capital adjustments are needed to reflect OPC's expense exclusions?

GULF: OPC's expense exclusions are inappropriate; therefore, no additional working capital adjustments are necessary. (McMillan)

Cost of Capital Issues

37. ISSUE: What is the appropriate cost of common equity capital for Gulf Power?

GULF: 13.00 % (Morin)

38. ISSUE: Should the newly authorized return on common equity be reduced if it is determined that Gulf has been mismanaged?

GULF: No. (McCrary, Scarbrough)

39. ISSUE: Should the preferred stock balance appearing in the capital structure be net of discounts, premiums and issuance expenses?

GULF: If the preferred stock balance is reported net of discounts, premiums, and issuance expenses, a corresponding amount must be removed from the common equity balance Gulf has reported. (McMillan, Morin)

40. ISSUE: Should Gulf Power's non-utility investment be removed directly from equity when reconciling the capital structure to rate base?

GULF: No. Gulf's non-utility activities have no effect on the Company's cost of capital, and to remove these investments directly from equity would unjustly penalize the Company's stockholders. Recognizing that some of the items in the capital structure, such as customer deposits, are not related to non-utility activities, the Company has adjusted the non-utility investments from the capital structure using long-term debt, preferred stock, and common equity sources of capital as a reasonable proxy for the cost of capital. (Morin, Scarbrough)

41. ISSUE: Should Gulf Power's temporary cash investments be removed directly from equity when reconciling the capital structure to rate base?

GULF: No. These funds are essentially all of Gulf's available working funds, and are required and necessary for the provision of electric service. (McMillan)

42. ISSUE: What is the appropriate balance of accumulated deferred investment tax credits?

GULF: The appropriate balance is $41,747,000 ($48,926,000 System). (McMillan)

43. ISSUE: What is the appropriate balance of accumulated deferred income taxes?

GULF: The appropriate balance is $182,959,000 ($203,823,000 System). (McMillan)

44. ISSUE: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for the projected test year ending December 31, 1990?

GULF: 8.34%. (McMillan)

Item	Jurisdictional Amount ($000's)	Ratio %	Cost Rate %	Weighted Component %
Long-Term Debt	329,936	35.73	8.72	3.12
Short-Term Debt	4,290	0.46	8.00	0.04
Preferred Stock	55,316	5.99	7.75	0.46
Common Equity	293,655	31.79	13.00	4.13
Customer Deposits	15,659	1.70	7.65	0.13
Deferred Taxes	182,959	19.81		0.00
Investment Credit				
- Zero Cost	831	0.09		0.00
- Weighted Cost	40,916	4.43	10.49	0.46
Total	923,562	100.00		8.34

45. ISSUE: Should an adjustment be made to negate the effect of the Company's corporate goal to increase its equity ratio?

GULF: No. The common equity corporate goal is a long-term goal which reflects a desire to maintain a strong 'A' bond rating, which is in the long-term best interest of the Company and its ratepayers as well as the stockholders. (Scarbrough)

Net Operating Income

46. ISSUE: The company has proposed a net operating income of $60,910,000 ($62,802,000 System) for 1990. What is the appropriate net operating income for 1990?

    GULF: The appropriate amounts are $60,910,000 ($78,848,000 System). (McMillan)

47. ISSUE: Should revenues be imputed to Gulf for the benefit derived by the appliance division from the use of Gulf's logo and name?

    GULF: No. (Bowers)

48. ISSUE: Should revenues be imputed at applicable standby rates for 1990 for the PXT customer who experienced an outage of his generation capacity and took back-up power from Gulf but was not billed on the standby power rate?

    GULF: No. The 7959 KW was not reported as standby service by the customer. This KW is Gulf's current best estimate of what we now believe should have been reported by the customer as standby in September of 1989. The customer presently has a contract for 7500 KW standby, and we believe the customer will limit their standby to no more than 7500 KW in the future. (Haskins)

49. ISSUE: The company has projected total operating revenues for 1990 of $255,580,000 ($262,013,000 System). Is this appropriate?

    GULF: Yes. (Kilgore, McMillan)

50. ISSUE: Has Gulf budgeted a reasonable level for salaries and employee benefits?

    GULF: Yes. (Scarbrough, Jackson)

51. ISSUE: Is Gulf Power's projected $510,524 ($510,852 System) bad debt expense for 1990 appropriate?

    GULF: Yes. Gulf's approved accrual method of calculating Bad Debt expense is appropriate. (Scarbrough)

52. ISSUE: Should fuel revenues and related expenses, recoverable through the fuel adjustment clause, be removed from NOI and if so, what amount?

GULF: Yes. The fuel revenues are $198,128,000 and fuel related expenses are $198,132,000. The amounts have been adjusted from NOI as reflected in Schedule 9 of RJM-1. (McMillan)

53. ISSUE: Should conservation revenues and related expenses, recoverable through the conservation cost recovery clause, be removed from NOI and if so, what amount?

GULF: Yes. The conservation revenues are $1,878,000 and the conservation related expenses are $1,877,000. The amounts have been adjusted from NOI, as reflected in Schedule 9 of RJM-1. (McMillan)

54. ISSUE: Should the 1990 projected test year be adjusted for any out-of-period non-recurring, non-utility items or errors found in 1989?

GULF: No. No such items have been included in the 1990 Test Year. (Scarbrough, Conner)

55. ISSUE: Are Gulf's budgeted industry association dues in the amount of $199,343 during 1990 reasonable and prudent?

GULF: Yes. Gulf's Industry Association dues are reasonable and prudent. EEI dues spent on lobbying are nominal, approximately 1% of the total, according to EEI. (Scarbrough)

56. ISSUE: What is the appropriate amount of rate case expense to be allowed in operating expenses?

GULF: Gulf budgeted the appropriate amount of rate case expense of $500,000 for the 1990 test year. This is based on the estimated total rate case cost of $1,000,000 to be amortized over two years. (Scarbrough)

57. ISSUE: Should Gulf be allowed to recover any costs associated with Docket No. 881167-EI, the withdrawn rate case?

GULF: Gulf has no O&M expenses budgeted in the 1990 test year for the withdrawn rate case, Docket No. 881167-EI. (McMillan)

58. ISSUE: Should Bank Fees and Line of Credit charges be included in operating expenses?

GULF: Yes. These bank fees are for our utility banking services and are properly included in electric operating expenses. (McMillan)

59. ISSUE: Gulf budgeted $8,963,407 ($9,459,943 System) for Outside Services expenses for 1990. Is this amount reasonable?

GULF: Yes. The amount is reasonable for A&G Outside Services charged to Account 923. (Scarbrough)

60. ISSUE: Gulf has projected $7,775,000 ($7,780,000 System) in Customer Accounts expenses for 1990. Is this amount reasonable?

GULF: Yes. (Scarbrough)

61. ISSUE: Should the expenses related to the Industrial Customer Activities and Cogeneration Program be allowed in base rates?

GULF: Yes. Gulf should be allowed to include the expenses for this program in rate base. The activities contained in this program contribute to our on-going goal to reduce the average cost of electric service to our customers. Gulf is required, as a result of changes in FEECA, to address cogeneration as part of its plan to reduce the growth rate in peak demand. It is only logical that the Commission allow Gulf to continue a program that is now required by statute. (Bowers)

62. ISSUE: Gulf has budgeted $50,000 for the Good Cents Incentive Program. Is this expense appropriate?

GULF: Yes. This activity has contributed to the overall success of Gulf's new home and improved home programs. The result has been improved efficiency in equipment and construction techniques. All ratepayers have benefitted through reduced peak demand on Gulf's system. This activity has contributed to Gulf's commitment to conservation. The expenses ($50,000) for this activity are contained within issue no. 63 ($25,000) and issue no. 100 ($25,000). (Bowers, Bushart)

63. ISSUE: Gulf has budgeted $457,390 for the Good Cents Improved and $1,023,995 for the Good Cents New Home Programs. Are those expenses appropriate?

GULF: Yes. Gulf has demonstrated that these programs are cost-effective, have a high participation rate and that the services provided as part of the programs fulfill the demands of our customers for a source of unbiased information concerning energy efficient residential dwellings. (Bowers, Bushart)

64. ISSUE: Gulf has budgeted $767,609 for the Essential Customer Service Program. Is this expense appropriate?

GULF: These expenses support activities required by our customers but are not contained within specific program headings. This activity is merely an accounting mechanism to which these activities are allocated. Specific expenses included are related to preparation and monitoring of the O & M budget; development of the customer, KWH, and revenue forecast; travel to meetings with the Florida Coordinating Group, Edison Electric Institute, the Department of Community Affairs, etc,; general supply expenses, as well as vehicle expense. Also included in "Essential Customer Services" are the expenses related to the Company's Safety Information Program. (Bowers)

65. <u>ISSUE</u>: Gulf has budgeted $425,474 for its Energy Education Program. Is this expense appropriate?

<u>GULF</u>: Yes. The energy education program is a vehicle Gulf uses to inform our customers of the conservation and energy management programs and services available to them and to receive feedback from them on how to continue to meet their needs for new products and services. (Bowers)

66. <u>ISSUE</u>: Gulf has budgeted $55,429 for its Presentations/Seminars Program. Is this expense appropriate?

<u>GULF</u>: Yes. These presentations are customized for the needs of our commercial and industrial customers and are used to educate them regarding advanced end-use technologies and the services the Company makes available to them. (Bowers)

67. <u>ISSUE</u>: Gulf has budgeted $145,652 for its Shine Against Crime Program. Is this expense appropriate?

<u>GULF</u>: The correct budgeted figure is $145,652. Yes. This program provides direct benefits to the participating customers by reducing the energy consumed for street lighting. This program also benefits all customers through the better utilization of electrical plant and the significant societal benefits from a lower crime rate. (Bowers)

68. <u>ISSUE</u>: Gulf has projected $687,000 ($687,000 System) for economic development expense in the sales function for 1990. Is this amount reasonable?

<u>GULF</u>: Yes. Gulf's service area is going to continue to grow. Our economic development activities are for the purpose of influencing the type of growth. We recognize that some growth is going to occur. Gulf wants to be in a position to assist in the management of growth so that our communities and ratepayers will receive lasting benefits. (Bowers)

69. <u>ISSUE</u>: Gulf has projected $5,358,179 ($5,655,000 System) in Production-Related A&G expenses for 1990. Is this amount reasonable?

<u>GULF</u>: Yes. (Scarbrough)

70. <u>ISSUE</u>: Gulf has projected $31,070,804 ($32,792,000 System) in Other A&G expenses for 1990. Is this amount reasonable?

<u>GULF</u>: Yes. The correct amounts are $32,037,266 ($33,812,000 System). The Other A&G level of expenses is reasonable. (Scarbrough)

71. <u>ISSUE</u>: Has Gulf included any lobbying and other related expenses in the 1990 test year which should be removed from Operating expenses?

<u>GULF</u>: Yes. Gulf inadvertently included $101,977 System lobbying expenses in the 1990 test year which should be removed. Also, Gulf included other expenses of its registered lobbyists for Information Gathering and Administrative activities which Gulf has agreed to remove in the interest of conservatism. These other expenses amount to $126,566 System. (Scarbrough)

72. <u>ISSUE</u>: What is the appropriate C.P.I. factor to use in determining test year expenses?

<u>GULF</u>: The inflation (C.P.I.) factors used in MFR C-56 are appropriate:

	%
1985	3.552
1986	1.920
1987	3.662
1988	4.082
1989	4.910
1990	4.369

The most recently projected 1990 C.P.I. from Data Resources Institute would also be consistent with the methodology used by the Commission in Order No. 14030. (Gilbert)

73. ISSUE: For each functional category of expenses, what is the appropriate level of expenses for services provided by the Southern Company?

GULF: The appropriate levels of SCS Operation and Maintenance expense are as follows: (Scarbrough, Lee, Howell, Bowers, Jordan, Parsons)

	Total System
Production	$3,496,551
Transmission	584,945
Distribution	108,471
Customer Accounts	2,173,025
Cust. Serv. & Info	199,774
Administrative & Gen.	8,392,165
Total	$ 14,954,931

74. ISSUE: Has the company properly removed from 1990 expenses all costs related to I.R.S., grand jury and other similar investigations?

GULF: The Company has made a committed effort to identify and adjust from this case all costs associated with these investigations. Since filing this case the Company has discovered an additional $5,000 associated with outside auditing related to the investigation and stipulates to that amount at this time. (Gilbert)

75. ISSUE: What is the appropriate amount of Pension expense for 1990?

GULF: Gulf has budgeted $ 0 dollars for pension expense accrual in the test year. As a result of the actuarial report, Gulf will actually expense $156,252 in 1990. (Scarbrough)

76. ISSUE: Are the projected O&M expenses for additional personnel reasonable in the steam production function?

GULF: Yes. These expenses are justified and necessary and are beneficial to the customer. (Lee)

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77. ISSUE: Gulf has budgeted $210,000 in O & M expenses for research and developmental projects. Are these expenses reasonable?

GULF: Yes. Gulf has justified each of these projects as reasonable and in the best interest of the ratepayers. (Parsons)

78. ISSUE: Has there been any "double counting" of expenses for services rendered by Southern Company Services or EPRI?

GULF: No. There has been no double counting of expenses for services rendered by SCS or EPRI. The projects undertaken by these groups are complimentary to one another. (Parsons)

79. ISSUE: Gulf has budgeted $332,000 for ash hauling at Plant Daniel. Is this expense reasonable?

GULF: Yes. These expenses are components of the total expenses for Plant Daniel which are identified in Issue No. 89. Plant Daniel ash hauling expenses are justified as this activity is now required by new environmental regulations. (Lee)

80. ISSUE: Gulf has budgeted $3,017,000 for Transmission Rents for Plants Daniel and Scherer. Are these expenses appropriate?

GULF: Gulf's budget for transmission facility charges regarding Plant Daniel and Plant Scherer of $2,941,000 is reasonable. These amounts result from agreements which secured the least expensive alternative available to provide necessary transmission service to Gulf's service territory from Plant Daniel and Plant Scherer. (Howell)

81. ISSUE: Gulf has budgeted $1,047,000 for its Public Safety Inspection and Maintenance Program. Is this expense reasonable?

GULF: Yes. (Jordan)

82. ISSUE: Gulf has budgeted $47,701,000 ($48,844,000 System) for Depreciation and Amortization expense. Is this amount appropriate?

GULF: The appropriate amount is $47,701,000 ($54,079,000 System). (McMillan)

83. ISSUE: Gulf has budgeted $13,185,000 ($13,549,000 System) for Taxes Other. Is this amount appropriate?

GULF: The appropriate amount is $20,822,000 ($31,106,000 System). (McMillan)

84. ISSUE: What is the appropriate amount of income tax expense for the test year?

GULF: $12,765,000 ($18,999,000 System) including the amortization of investment tax credits. (McMillan)

85. ISSUES: What is the proper interest synchronization adjustment in this case?

GULF: The jurisdictional interest synchronization adjustment results in a reduction in income taxes of $442,000. (McMillan)

86. ISSUE: What adjustment should be made to the test year reference level of $2,630,877 for the Employee Relations Planning Unit?

GULF: None. A miscalculation of the 1988 reference level stated in the budget message was corrected by Corporate Planning. The correction was approved by the Budget Committee and reflected in the approval letter. The Employee Relations reference level is appropriate. The reference level as used in Gulf's budgeting process only affects the amount of documentation provided by the planning units. The budget, however, is developed independently of the reference level. (Gilbert, Bell)

87. ISSUE: Has the Company made the proper adjustment to remove the effect of vacancies on labor complement?

GULF: Yes. The Company has budgeted a credit of $378,000 to the O&M labor budget based on the average approved vacancy rate for an eight month period, January through August, 1989. The Company based the salary dollars for this adjustment on the average of the new hires for that period. This adjustment is reasonable, and should be approved by the Commission. (Gilbert)

88. ISSUE: The Company has included $5,340,000 in Turbine and Boiler inspections, is further adjustment necessary?

GULF: No. This is a reasonable and justified expense which is necessary and beneficial to the customer. (Lee)

89. ISSUE: What adjustments should be made to the level of expenses for Plant Daniel?

GULF: None. Expenses for Plant Daniel are necessary, reasonable and prudent. These expenses include the dollars associated with the ash hauling expenses identified in Issue No. 79. (Lee, Parsons, Scarbrough)

90. ISSUE: Would it be proper to amortize the 1989 credit to uncollectibles, which arose due to an accounting change, above the line?

GULF: No. The change in the method of accruing for uncollectibles occurred in 1989, and the adjustment to restate the reserve balance was properly recorded in the year the accounting change was made. (Scarbrough)

91. ISSUE: Should an adjustment be made to remove part or all of the costs associated with the employee savings plan?

GULF: No. The Employee Savings Plan is a reasonable and integral component of Gulf's overall salary and benefits program designed to enable the Company to attract and retain well qualified, highly motivated and talented employees. (Jackson)

92. ISSUE: Should the Commission remove all or part of the costs of the Productivity Improvement Plan (PIP)?

GULF: Yes. Gulf has changed its PIP program. Expenses should be reduced $339,407 ($358,209 System). The PIP program is a reasonable and integral component of Gulf's overall salary and benefits program designed to enable the Company to attract and retain well qualified, highly motivated employees. (Jackson)

93. ISSUE: What amount of the Performance Pay Plan should be approved for retail recovery?

GULF: All expenses associated with PPP should be allowed. It is reasonable to put part of an employee's pay at risk and it increases management's control of overall salary expense. The PIP program is a reasonable and integral component of Gulf's overall salary and benefits program designed to enable the Company to attract and retain well qualified, highly motivated employees. (Scarbrough, Jackson)

94. ISSUE: What amount of the $326,808 for EPRI nuclear research should be included for setting retail rates?

GULF: All of the $326,808 for EPRI nuclear research is reasonable and prudent and should be included in rate base. (Parsons)

95. ISSUE: Should an adjustment be made to the Plant Smith ash hauling expenses?

GULF: No. This is a justified expense which is necessary and beneficial to the customer. (Lee)

96. ISSUE: What adjustment should be made to the Company's Employee Relations budget associated with the relocation and development programs?

GULF: No employee relocation expense adjustment is warranted. The Company budgets a reasonable amount of funds in order to allow management to put the most qualified person in vacant positions. (Jackson)

97. ISSUE: Should an adjustment be made to reduce the level of obsolete material to be written off in the test year?

GULF: No. (Jordan)

98. ISSUE: How much of the officer and management "perks" for tax services and fitness programs should be borne by the ratepayers?

GULF: The Life Fitness Program is necessary to ensure that management employees' health will not adversely affect the Company. This program as well as the tax services are reasonable and integral components of Gulf's overall salary and benefits program and are designed to enable the Company to attract and retain well qualified, highly motivated and talented employees. Both of these programs are beneficial to the ratepayers and thus are appropriate for full recovery through base rates. (Scarbrough, Jackson)

99. ISSUE: The Company has projected $1,109,000 for duct and fan repairs for the test year. Should an adjustment be made to this level?

GULF: No. This is a justified expense which is necessary and beneficial to the customer. (Lee)

100. ISSUE: Should an adjustment be made to the Customer Services and Information benchmark?

GULF: No. The expenses identified in Mr. Shultz' Schedule HWS-13 relating to "Essential Customer Service" (items 16, 17, 20, 21, 24, and 25), amounting to $626,135 are already being addressed in Issue 64. This could result in double disallowance. Items 11 and 12 ($226,883) consist of expenses related to Issue 61. (Industrial Activities). The remaining NON-ECCR expenses of $399,006 are related to Residential and Commercial Technology Transfer. This program is designed to provide training, general education, and technical support to trade allies concerning emerging technologies such as "Smart House," advanced space conditioning systems such as cool storage and integrated heat pumps, advanced water heating systems, or process heating and vapor recompression to name a few. We are using this program as a vehicle to fill an information gap between manufacturers and trade allies. Local contractors and consulting engineers are the primary influence in this market. By working closely with these groups, we can ensure that our customers make the most cost-effective decision when selecting an energy technology. (Bowers, Hodges)

101. ISSUE: The Company has included expenses for marketing in the test year. Should an adjustment be made to remove this cost?

GULF: No. The expenses detailed in Items 9-18 (totalling $685,500) on Mr. Shultz' schedule HWS-14 are contained in issue number 68. These are expenses related to the Company's Economic Development program. Items 1 and 2 (totalling $108,510) are administrative and general expenses related to personnel administration and general report preparation. These expenses ($108,510) are necessary for the proper management of the Company's marketing efforts. Items 3 and 4 ($50,665) are the same expenses as those related to issue 61. Items 5 - 8 ($303,814) are expenses incurred in the development of the Company's load forecasts, economic analysis and market research activities. All of these activities are critical in providing the basis for sound business decisions which result in reliable, low cost service to Gulf's customers.

The corporate forecast of customers, energy sales, base rate revenues and peak hour demand represents the initial step in the Company's planning process. The forecast is necessary both for effective short-term operational planning, as well as for long-term generation resource planning. Further, the forecast plays a vital role in regulatory proceedings, including the State Planning Hearings and retail rate cases.

The economic evaluation of demand side options represents a crucial aspect of the marketing planning function. This activity serves to ensure that conservation and load management initiatives implemented by the Company are in the best interests of our customers. This is also a regulatory requirement to provide cost-effective evaluations of such programs.

The market research function also plays a critical role in effective program implementation. Gulf considers the attitudes, opinions and needs of our customers to be the foundation of our program development process. The information gathered through market research enables the Company to identify practical and cost-effective program offerings. This function is also necessary to meet requirements of the Commission's End-Use Data Rule. (Bowers, Hodges)

102. ISSUE: What adjustments are necessary to reflect a proper benchmark test of expense levels?

GULF: No adjustments other than those made by the Company are necessary. (Scarbrough, Bowers, Howell)

103. ISSUE: Gulf has budgeted $ 129,712,291 for O&M expenses. Is this amount appropriate?

GULF: Yes. The appropriate amount is $ 129,712,291 (System). (Scarbrough)

Miscellaneous

104. ISSUE: Was the production and promotion of the appliance video known as "Top Gun" contrary to the Commission's policy regarding fuel neutrality?

GULF: No. First, there are no dollars associated with any activity of this kind included in the 1990 test year expenses. Therefore, this issue is irrelevant. Second, it was Gulf's understanding at the time that the fuel source neutrality policy, as espoused by the Commission, was applicable to incentives (rebates) recovered through the conservation cost recovery mechanism. This event occurred in 1987. The controversial position of the video constituted approximately 10 seconds. The remaining almost seven minutes was dedicated to the promotion of energy efficient homes. Gulf's intent with respect to the video, as with all of our promotional efforts, is to provide information and technical expertise to customers on the most energy efficient application for their particular circumstance. Ours and the Commission's philosophies are identical--the best interest of the customers. The video was intended to be shown only one time, at a seminar to less than 200 people. Since that time, Gulf's management has on a number of occasions acknowledged that the controversial portion of the video was an inappropriate response to the promotional efforts of other energy suppliers. (Hodges)

105. ISSUE: Was the production and distribution of tee-shirts with the "Gas Busters" symbol contrary to the Commission's policy regarding full neutrality?

GULF: No. First, there are no dollars associated with any activity of this kind included in the 1990 test year expenses. Therefore, this issue is irrelevant. Second, it was Gulf's understanding at the time that the fuel source neutrality policy, as espoused by the Commission, was applicable to incentives (rebates) recovered through the conservation cost recovery mechanism. This event occurred in 1985. Since that time, Gulf's management has on a number of occasions acknowledged that, in hindsight, the shirts were an inappropriate response to the promotional efforts of other energy suppliers. (Hodges)

106. ISSUE: Was the incentive program known as "Good Cents Incentive" which utilized electropoints that were redeemable for trips, awards, and merchandise contrary to the Commission's policy regarding fuel neutrality?

GULF: No. This issue duplicates Issue No. 62. This promotional tool is source neutral as it is available to any contractor who wishes to participate and has resulted in increased numbers of energy efficient homes in Northwest Florida. (Bowers, Hodges)

107. ISSUE: In 1987, a commercial building received energy awards from both the U.S. Department of Energy and the Governor's Energy Office yet did not receive Good Cents certification because of a small amount of back up gas power. Was this practice contrary to the Commission's policy regarding fuel neutrality?

GULF: No. The Commission's fuel source neutrality policy only applies to incentives paid through the conservation cost recovery mechanism. Gulf's program, as originally approved by the Commission, required a building to be all electric in order to receive Good Cents certification. The building referred to was built in 1984; Gulf's standards were revised in 1986, and now allow certification of buildings utilizing natural gas. (Bowers, Hodges)

108. ISSUE: Has Gulf participated in some misleading advertising in order to gain a competitive edge on gas usage?

GULF: No. There is no advertising of the nature which this issue addresses contained in the 1990 budget. This issue is therefore irrelevant. The ads which this issue is apparently intended to address were in response to the natural gas company advertising which misled the customers by overstating the cost of electric service in a Good Cents Home. Gulf's ads were implemented in response to the inaccurate gas company ads. Gulf is not attempting to gain a competitive edge on gas usage through use of advertisements. We do have a desire to present the truth to our customers. (Bowers)

Revenue Expansion Factor

109. ISSUE: What is the appropriate revenue expansion factor for 1990?

GULF: The Revenue Expansion factor is 61.2858 percent and the NOI multiplier is 1.631699. (McMillan)

Revenue Requirements

110. ISSUE: Gulf has requested an annual operating revenue increase of $26,295,000. Is this appropriate?

GULF: Yes. (McMillan, McCrary)

111. ISSUE: Should any portion of the $5,751,000 interim increase granted by Order No. 22681 issued on 3-13-90 be refunded?

GULF: No. The Company's requested rate relief of $26,295,000 is appropriate. (Scarbrough, McMillan)

112. ISSUE: Should Gulf be required to file, within 30 days after the date of the final order in this docket, a description of all entries or adjustments to its future annual reports, rate of return reports, published financial statements and books and records which will be required as a result of the Commission's findings in this rate case?

GULF: Gulf will make all appropriate filings, as required by the Commission. (Scarbrough)

Cost of Service & Rate Design

113. ISSUE: Are the company's estimated revenues for sales of electricity based upon reasonable estimates of customers, KW and KWH billing determinants by rate class?

GULF: Yes. (Kilgore)

114. ISSUE: The present and proposed revenues for 1989 are calculated using a correction factor. Is this appropriate? (In error the issue states present and proposed revenues for 1989. It should state present and proposed revenues for 1990.)

GULF: Agree with Staff's position on this issue. (Haskins)

115. ISSUE: What is the appropriate cost of service methodology to be used in designing the rates of Gulf Power Company?

GULF: 12-MCP and 1/13 energy. (O'Sheasy)

116. ISSUE: How should distribution costs be treated within the cost of service study?

GULF: Distribution cost should be separated into demand and customer classifications. The demand classified cost should be allocated on a demand allocator and customer classified cost should be allocated on a corresponding customer related allocator. (O'Sheasy)

1[illegible]

117. ISSUE: How should uncollectible expenses be allocated?

GULF: They should be assigned to the rate classes which incurred the expense or allocated upon a cost causative allocator. (O'Sheasy)

118. ISSUE: How should fuel stocks be classified?

GULF: The amount of fuel inventory required for a generating plant is a function, to a large degree, of its capacity. It should not be allocated solely on energy. (O'Sheasy)

119. ISSUE: Are Gulf's separation of amounts for wholesale and retail jurisdictions appropriate?

GULF: Yes. Gulf's separation of amounts for wholesale and retail jurisdiction is appropriate as reflected in response to Industrial Intervenors Second Request for Production of Documents, Item No. 27. (Kilgore, O'Sheasy)

120. ISSUE: Is the method employed by the company to develop its estimates by class of the 12 monthly coincident peaks hour demands and the class non coincident peak hours demand appropriate?

GULF: Yes. (Kilgore)

121. ISSUE: If a revenue increase is granted, how should it be allocated among customer classes?

GULF: Agree with Staff's position on this issue. (Haskins)

122. ISSUE: If an increase in revenues is approved, unbilled revenue will increase. Is the method used by the utility for calculating the increase in unbilled revenues by rate class appropriate?

GULF: Agree with Staff's position on this issue. (Haskins)

123. ISSUE: Should the increase in unbilled revenues be subtracted from the increase in revenue from sales of electricity used to calculate rates by class?

GULF: Agree with Staff's position on this issue. (Haskins)

124. ISSUE: What are the appropriate customer charges?

GULF: The appropriate customer charges are those resulting from the revised cost of service study and rate design as shown in the response to Interrogatories No. 12 and 13 of Industrial Intervenors Second Set of Interrogatories and Industrial Intervenors Second Request for Production of Documents, No. 27, as shown below:
(Haskins)

Rate Schedule	Present Charge	Unit Cost	Proposed Charge
	$	$	$
RS	6.25	9.71	8.00
GS	7.00	19.01	10.00
GSD	27.00	42.06	40.00
LP	51.00	450.75	225.00
PX	146.00	1138.88	570.00
RST	9.25	n/a	11.00
GST	10.00	n/a	13.00
GSDT	32.40	n/a	45.40
LPT	51.00	n/a	225.00
PXT	146.00	n/a	570.00

125. ISSUE: What are the appropriate demand charges?

GULF: Agree with Staff's position on this issue. The appropriate demand charges are those proposals based on the revised cost of service study and rate design as shown in the response to Interrogatories No. 12 and 13 of Industrial Intervenors Second Set of Interrogatories and Industrial Intervenors Second Request for Production of Documents, No. 27, as shown below: (Haskins)

Standard Rate	Present Charge	Unit Cost	Proposed Charge
	$	$	$
GSD	6.25	7.55	4.52
LP	6.25	9.23	8.51
PX	7.50	8.59	8.26
TOU RATE			
GSDT			
Max	2.96	7.55	2.20
On-peak	3.42		2.46
LPT			
Max	2.97	9.23	4.14
On-peak	3.35		4.50
PXT			
Max	3.56	8.59	4.00
On-peak	3.99		4.31

126. ISSUE: The company presently has seasonal rates for the RS and GS rate classes. Should seasonal rates be retained for RS and GS? If so, should they be required for GSD/GSDT, LP/LPT and PX/PXT?

GULF: Yes. Seasonal rates for rates RS and GS should be retained. The Company has had seasonal energy charges in rates RS and GS since 1962 in order to better track costs incurred by the Company in the peak summer period and to send the proper price signal to the summer peaking customers as an incentive to control peak demand. The Company at this time is not proposing seasonal demand rates because we chose not to introduce the additional complexity of seasonal rates for these classes in this filing. (Haskins)

127. ISSUE: If seasonal rates are continued, how should they be designed?

GULF: The same ratio of summer price to winter price as in our present RS rate should be retained, and this same ratio should be used to obtain the GS seasonal differential. (Haskins)

128. ISSUE: How should time-of-use rates be designed?

GULF: The Load Factor Methodology as approved by the Commission in our last three rate cases is appropriate to calculate TOU energy and demand prices. Customer charge revenue is calculated first by utilizing the unit costs from the Cost of Service Study. For demand TOU rates, the standard demand price (based on demand unit costs from the Cost of Service Study and based on the demand charge we proposed to maintain) is split into "on peak" and "max" demand components, using the Load Factor Methodology. Then the remaining target revenue is split into on and off peak energy charges, again using the Load Factor Methodology. The TOU rates are designed to be revenue neutral to the standard rate counterpart; i.e., the rates are designed assuming all customers are on the TOU rate. (Haskins)

129. ISSUE: Should Gulf's Experimental Rate Schedule RS-VSP (Residential Service - Variable Spot Pricing) base rate charges be raised so that the rate is revenue neutral with the approved standard RS rate? If so, what should the charges be?

GULF: Yes. Charges for the RS-VSP rate, once it is approved, should be revenue neutral with the standard RS rate approved in this docket. (Haskins)

130. ISSUE: The company currently gives transformer ownership discounts of $.25 per KW for customers taking service at primary voltage and $.70 per KW for customers taking service at transmission levels. Is the current level of discounts appropriate?

GULF: No. The Company proposes that the transformer ownership and metering voltage discounts as developed in the response to Interrogatory No.'s 110, 111, and 113 of

Staff's Eighth Set of Interrogatories, after adjustment for the variance of demand and energy charges from unit cost, be approved. (Haskins)

131. ISSUE: All general service demand rate schedules (GSD, GSDT, LP, LPT, PX, and PXT) except Standby Service (SS) and Interruptible Standby Service (ISS) provide for transformer ownership and metering discounts. The company has proposed providing metering discounts only for standby service rate schedules. Should the SS and ISS rate schedules have provisions for both transformer ownership and metering voltage discounts? If so, should the level of the transformer ownership discount and metering voltage discount for SS and ISS be set equal to the otherwise applicable rate schedule?

GULF: The SS and ISS rate schedules should provide for metering voltage discounts only pursuant to Order No. 17159. In addition, pursuant to that order, the discount should be applied only to the energy portion of the bill. The metering voltage discount to be applied to the energy portion of the bill should be the same as the otherwise applicable demand rate schedule. (Haskins, O'Sheasy)

132. ISSUE: Should Gulf's proposed revision of the statement of the customer charge on the standby service rate schedules (SS and ISS) be approved?

GULF: No. Agree with Staff's position on this issue. (Haskins)

133. ISSUE: Should Gulf's proposed change in the definition of the capacity used to determine the applicable local facilities and fuel charges on the standby service rate schedules (SS and ISS) be approved?

GULF: No. Agree with Staff's position on this issue. (Haskins)

134. ISSUE: Should the proposed paragraph on the monthly charges for supplementary service on the SS and ISS rate schedules be approved?

GULF: No. Agree with Staff's position on this issue. (Haskins)

135. ISSUE: Should the Interruptible Standby Service (ISS) Rate Schedule's sections on the Applicability and Determination of Standby Service (KW) Rendered be replaced by the language approved for the firm Standby Service (SS) in Docket No. 801304-EI? (Docket No. 801304-EI is stated in the issue incorrectly. The correct Docket No. is 891304-EI.)

GULF: Only the Determination of Standby Service (KW) Rendered Section should be replaced by the approved language for the Standby Service rate. The change in the Applicability Section of the Standby Service rate would not apply because it states a customer having on-site generating equipment is required to take standby service under certain conditions; however, this requirement would not apply to interruptible standby service customers. (Haskins)

136. ISSUE: The present standby rates are based on system and class unit costs from Docket No. 840086-EI. Should the standby rate schedules (SS and ISS) charges be adjusted to reflect unit costs from the cost of service study in this docket and the 1989 IIC capacity charge rates and designed in the manner specified by the Commission in Order No. 17159?

GULF: Yes. (Haskins)

137. ISSUE: Order No. 17568, Docket No. 850102-EI approved the experimental Supplemental Energy (SE) (Optional) Rider as a permanent rate schedule on the condition that it become a separate rate class in the company's next rate case. Has Gulf complied with Order No. 17568?

GULF: During a preliminary conference regarding the MFR's before filing our withdrawn case, Docket No. 881167-EI, a verbal agreement between the Company and the then Bureau Chief of Electric Rates was reached not to separate the SE customers from the others in that rate class because SE is a rider applied to other rate classes and not a separate rate class in itself. (Haskins)

138. ISSUE: How should rates for the Supplemental Energy (Optional Rider) be designed?

GULF: The Supplemental Energy (SE) customers' billing determinants should be combined with non-SE customers' billing determinants for rate design purposes. (Haskins)

139. ISSUE: The applicability clause of the three demand classes (GSD, LP and PX) is stated in terms of the amount of KW demand for which the customer contracts. Is this an appropriate basis for determining applicability?

GULF: Yes. If the proposed Local Facilities Charge for rates LP, LPT, PX, and PXT is approved, Gulf will initiate a review and possible revision of existing LP/LPT and PX/PXT contracts and signing of appropriate new contracts with those LP/LPT customers who presently do not have a signed contract. For new customers, you would have no actual demand upon which to base a contract or to determine which rate would be applicable; thus, without a contract capacity, you would have no meaningful contract. (Haskins)

140. ISSUE: The current GSD/GSDT and GSLD/GSLDT rate schedules have minimum charges equal to the customer charge plus the demand charge for the minimum KW to take service on the rate schedule for customer opting for the rate schedule. Is this minimum charge provision appropriate? (Gulf's names for its GSLD/GSLDT rates are LP/LPT.)

GULF: No. Results of our initial analyses indicate that the GSD rate becomes cheaper than the GS rate as KW increases and also as load factor improves. At the proposed level of GS energy prices, these breakeven points are too low for reasonable implementation. However, if this relationship changes significantly as a result of other decisions in this case, then such a change may be workable. If so, the Company would like to see it approved. Likewise, if the change is made in the minimum demand provision of the LP/LPT rates, then new rates would have to be designed to assure recovery of any lost revenues as a result of additional crossovers to rates LP/LPT and any reduction in demand (kw) used for billing purposes. (Haskins)

141. ISSUE: What is the appropriate method for calculating the minimum bill demand charge for the PX rate class?

GULF: Agree with Staff's position on this issue. (Haskins)

142. ISSUE: What is the appropriate method for calculating the minimum bill demand charge for the PXT rate class?

GULF: Agree with Staff's position on this issue and, in addition, the minimum bill would include the Local Facilities Charge, if applicable. (Haskins)

143. ISSUE: The proposed change in the application of the minimum bill provision allows a customer who has less than a 75 percent load factor in a given month to not be billed pursuant to the minimum bill provision as long his annual load factor for the current and most recent 11 months is at least 75 percent. Is this appropriate?

GULF: Agree with Staff's position on this issue. (Haskins)

144. ISSUE: The company has proposed the implementation of a local facilities demand charge for LP/LPT and PX/PXT customers, which would be applied when the customer's actual demand does not reach at least 80 percent of the Capacity Required to be Maintained (CRM) specified in the Contract for Electric Power. Is this local facilities charge appropriate? If so, to what customer classes should it apply?

GULF: Yes. This charge will protect other customers from having to subsidize those customers who, on a temporary or permanent basis, reduce their load or shut down completely. Such a customer would be obligated to pay at least the minimum monthly bill, which would include the Local Facilities charge, if applicable, for the duration of the contract. We propose to use this Local Facilities Charge for our large customers (LP, LPT, PX, and PXT). (Haskins)

145. ISSUE: The company's proposed street and outdoor lighting rates are shown on the revised MFR Schedule E-16d submitted as item No. 147 of Staff's Eighth Set of Interrogatories. Should these proposed rates be approved?

GULF: No. The proposed street and outdoor lighting rates shown on the 2nd revision of MFR Schedule E-16d, submitted as Late Filed Exhibit No. 16 of J. L. Haskins 2nd Deposition in this docket, should be approved. These rates are based on calculations using better information regarding additional facilities charges that was not available to us until after the original rates are filed. Therefore, they represent a better forecast of appropriate rates. (Haskins)

146. ISSUE: The company proposes to eliminate the general provisions pertaining to replacement of lighting systems on the Outdoor Service Rate Schedule (OS). Is this appropriate?

GULF: Yes. The Commission should not impede the replacement of old mercury vapor fixtures with more energy efficient high pressure sodium lights. Otherwise, replacement of any mercury fixture, regardless of age, would be effectively halted because customers would be required to pay for removal of a worthless fixture. (Haskins)

147. ISSUE: Should the language on OS-III be clarified so that only customers with fixed wattage loads operating continuously throughout the billing period (such as traffic signals, cable TV amplifiers and gas transmission substations) would be allowed to take service on OS-III?

GULF: Yes. Agree with Staff's position on this issue. (Haskins)

148. ISSUE: Since the company's last rate case, sports fields taking service on rate schedules GS and GSD were allowed to transfer to the OS-III rate schedule. The company has now proposed an OS-IV rate for sports fields. Is this appropriate,and, if so, how should the rate be designed?

GULF: Yes. Sports fields with night time lighting load should not receive service under OS-II, OS-III, GS, or GS-D because their load characteristics are not similar to those of OS-II, OS-III, GS, or GS-D loads. Specifically, the load does not remain on Gulf's system for the entire "darkness hours" period. The load also does not peak at the same time as the GS or GS-D loads. This rate should have a Customer Charge and an Energy Charge. (Haskins)

149. ISSUE: The company's proposal for service charges is summarized as follows:

	Present	Company Proposed
Initial Service	$16.00	$20.00
Reconnect a Subsequent Subscriber	16.00	16.00
Reconnect of Existing Customer after Dis-Connection for Cause	16.00	16.00
Collection Fee	6.00	6.00
Installing & Removing Temporary Service	48.00	60.00
Minimum Investigative Fee	30.00	55.00

Are these charges appropriate?

GULF: Yes. (Haskins)

150. ISSUE: Should LP customers who have demands in excess of 7500 KW but annual load factor of less than 75 percent be allowed to opt for the PXT rate?

GULF: Agree with Staff's position on this issue. (Haskins)

151. ISSUE: Should Gulf's proposal to decrease the PXT on-peak energy charge and increase the off-peak energy charge be approved?

GULF: Yes. Agree with Industrial Intervenors' witness, Jeffry Pollock, as he states in his testimony that even though the overall energy charge revenue would be less, the results are consistent with the unit costs in the revised cost of service study.(Haskins)

152. ISSUE: Should scheduled maintenance outages of a self-generating customer that are fully coordinated in advance with Gulf Power be subject to the ratchet provision of the SS rate?

GULF: Yes. Standby Service Order No. 17159 requires that the initial standby service contract demand represent the maximum backup or maintenance demand that the customer expects to impose on the utility. To insure the accuracy of the initial contract demand, the order includes a ratchet provision to increase this contract demand for a total of 24 months if the actual standby taken exceeds the contract demand. (Haskins)

153. ISSUE: Should the assumed 10% forced outage factor for self-generating customers that is built into the SS rate design be continued?

GULF: Yes. In the Standby Order No. 17159, a 10% forced outage rate was specified as the outage rate to be used in the calculation of the Reservation Charge and Daily Demand Charges. (Haskins)

154. ISSUE: Would it be appropriate to grant a rate change without allowing the redesign of rates to recover the approved revenue, run the rates in competition, and go through the same iteration process as was done in the original filing of this case and the revised portion of this case?

GULF: No. If not allowed this opportunity, then the Company would end up not collecting the full amount of any granted revenue increase as intended by the Commission. (Haskins)

155. ISSUE: Which party to this proceeding should design the Company's final rates?

GULF: Any interested party to this rate case should be allowed to submit their proposal for design of the initial rates and for final rates. Then the Commission can choose the rate design proposal, or combination of proposals, it deems appropriate. However, since Gulf is the only party to this case which has the capability of running rates in competition, identifying crossovers to cheaper rates, and accounting for any revenue shortfalls, Gulf should prepare the final rates to be approved by the Commission for customer billing. (Haskins)

156. ISSUE: If the Commission decides to recognize migrations between rate classes, how should the revenue shortfall, if any, be recovered?

GULF: Approved rates should be applied to test year customer billing determinants. Any revenue shortfall resulting from crossovers to cheaper rates (after the adjustment resulting from accounting for any revisions to rates that the crossovers are billed under) should be recovered from the customers who do not cross to a different rate class. A thorough review of each customer's usage is done during this iteration and crossover process to assure that customers are on the appropriate rate schedule under proposed rates. (Haskins)

157. ISSUE: Deleted per letter dated May 25, 1990 from Joseph C. McGlothlin to Suzanne Brownless.

158. ISSUE: Should the SE rate be modified to allow additional opportunity sales to self-generating customers who have generating capacity which is available but less economic?

GULF: No modification is necessary. Self-generating customers may reduce generation for economic reasons under present tariffs and Commission rules and take additional capacity and energy as supplementary service, including supplementary service with the SE Rider applied. (Haskins)

Additional Issues Listed By Other Parties Since Prehearing Conference of May 22, 1990

115a. ISSUE (OPC): How should Gulf's GS rates be designed?

GULF: Gulf's GS/GST rates should be set equal to the RS/RST rates. Combining the two classes for rate design purposes would increase RS/RST unit costs slightly but would result in a substantial decrease in GS/GST unit costs. (Haskins)

135a. ISSUE (II): How should the daily standby service demand be determined?

GULF: The daily standby service demand should be determined using the formula on Standby Service tariff sheet no. 6.30 with the addition of an adjustment for any seasonal variations in generation output. This proposed addition to the formula is shown on Schedule 7 of the exhibit to the rebuttal testimony of witness Haskins. (Haskins)

E. STIPULATED ISSUES:

Issue Nos. 39, 79, 109, 112, 113, 114, 122, 123, 129, 130, 132, 133, 134, 143, 147, 150.

F. PENDING MOTIONS:

None.

G. OTHER MATTERS:

The parties have stipulated to the testimony and exhibits of witnesses Morin, Rothschild, and Seery; cross examination of those witnesses at the hearings June 11-22, 1990 has been waived, and therefore, these witnesses have been excused from attendance at the hearing.

If other issues are raised for determination at or prior to the hearings beginning June 11, 1990, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, to file additional testimony.

Respectfully submitted, this 25th day of May, 1990.

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ATTACHMENT 1
GULF POWER COMPANY'S PREHEARING LIST OF EXHIBITS
DOCKET NO. 891345-EI

WITNESS	EXHIBIT	DESCRIPTION	
McCrary: Testimonial Direct	______ (DLM-1)		
	______	Schedule 1:	Summary of actions taken to improve security
	______	Schedule 2:	RS Rate-Typical Bill History
	______	Schedule 3:	Residential Rate Comparison
Testimonial Rebuttal	______ (DLM-2)		
		Schedule 1:	Summary of Managements' Corrective Action
Scarbrough: Testimonial Direct	______ (AES-1)		
	______	Schedule 1:	O & M Expenses-Comparison of 1989 to 1990 Budget
	______	Schedule 2:	O & M Expenses-Comparison by Function 1989-1990
	______	Schedule 3:	O & M Expenses-Benchmark Comparison by Function 1984-1990
	______	Schedule 4:	O & M Expenses-Benchmark Comparison by Function 1983-1990
	______	Schedule 5:	Transmission Line Rentals- Adjustment Order No. 14030
	______	Schedule 6:	Transmission Expenses-Benchmark Comparison 1984-1990

Scarbrough Cont.

________	Schedule 7:	A & G Expenses- Benchmark Comparison 1984-1990
________	Schedule 8:	Summary of Benchmark Variance Justification 1984-1990
________	Schedule 9:	Salary- Benchmark Comparison 1984-1990
________	Schedule 10:	O & M Expenses- Comparison of Gulf to SEE Average
________	Schedule 11:	1988 Retail Sales Per KWH Sold for Comparison Companies
________	Schedule 12:	Standard & Poor's Security Rating Report on Gulf Power Company
________	Schedule 13:	Responsibility for MFRs

Testimonial Rebuttal ________ (AES-2)

________	Schedule 1:	Gulf Power Company Transmission Expense Analysis

Miscellaneous

________ Gulf's Response to Item No. 51, Public Counsel's First Set of Interrogatories, Docket No 891345-EI

________ Gulf's Response to Item No. 52, Public Counsel's First Set of Interrogatories, Docket No 891345-EI

________ Gulf's Response to Item No. 53, Public Counsel's First Set of Interrogatories, Docket No 891345-EI

________ Gulf's Response to Item No. 70, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI

Scarbrough Cont.

________	Gulf's Response to Item No. 72, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
*________	Gulf's Response to Item No. 74, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 89, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 96, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 97, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 180, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 200, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 249, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 250, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 256, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 259, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
________	Gulf's Response to Item No. 274, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
**________	Gulf's Response to Rate Case Audit Report, Docket No.881167-EI

*Also sponsored by Witness Howell
**Also sponsored by Witness Fell

Gilbert: Testimonial Direct	______ (DPG-1)		
	______	Schedule 1:	Gulf Power Planning/Budgeting Flowchart
	______	Schedule 2:	1990 Capital Additions Budget
	______	Schedule 3:	1990 O & M Expense Budget Less Direct Fuel and Purchased Power
	______	Schedule 4:	Gulf Power O & M Budgeting Schematic
	______	Schedule 5:	Example of Gulf Power Budget Deviation Report
	______	Schedule 6:	Gulf Power Financial Model Flowchart
	______	Schedule 7:	Responsibility for MFRs
Testimonial Rebuttal	______ (DPG-2)		
	______	Schedule 8:	Analysis of Budget and Actual Expenses for Employee Relations Planning Unit 1986-1989
	______	Schedule 9:	Complement Vacancies as of May 8, 1990
Bell: Testimonial Direct	______ (MRB-1)		
	______	Schedule 1:	Overview of Financial Forecasting Process
	______	Schedule 2:	AICPA Guidelines for Prospective Financial Statements

Bell Cont.

	________	Schedule 3:	Prior Year's Forecast to Actual Variance as a Percent of Operating Revenues
McMillan: Testimonial Direct	________ (RJM-1)		
	________	Schedule 1:	Gulf Power Financial Model Flowchart
	________	Schedule 2:	1989 and 1990 Balance Sheets
	________	Schedule 3:	1989 and 1990 Income Statements
	________	Schedule 4:	Utility Plant Balances
	________	Schedule 5:	13 Month Average Rate base for the Period Ending December 31, 1990
	________	Schedule 6:	Projects Included in Interest Bearing CWIP
	________	Schedule 7:	13 month Average Working Capital for the Period ending December 31, 1990
	________	Schedule 8:	Net Operating Income for the 12 Months Ending December 31, 1990
	________	Schedule 9:	Fuel Revenues and Expenses for the 12 Months Ending December 31, 1990
	________	Schedule 10:	Conservation Revenues and Expenses for the 12 Months Ending December 31, 1990
	________	Schedule 11:	Industry Association Dues Related to Lobbying and Chamber of Commerce for the 12 Months Ending December 31, 1990

McMillan Cont.

_______	Schedule 12:	Institutional Advertising for the 12 Months Ending December 31, 1990
_______	Schedule 13:	Other Taxes Adjustment for the 12 Months Ending December 31, 1990
_______	Schedule 14:	Income tax Adjustment for the 12 Months Ending December 31, 1990
_______	Schedule 15:	Interest Synchronization Adjustment for the 12 Months Ending December 31, 1990

Parsons:
Testimonial Direct _______ (EBP-1)

_______	Schedule 1:	Index to Schedules
_______	Schedule 2:	Summary of Daniel and Scherer UPS and Territorial Commitments 1984-1990
_______	Schedule 3:	UPS Unit Capacity Ratings and Commercial Operation Dates
_______	Schedule 4:	March 1979 Generation Expansion Plan-Gulf Percent Reserves With and Without Daniel Capacity
_______	Schedule 5:	Price of U.S. Imported Crude Oil
_______	Schedule 6:	Gulf and Southern Forecasted Reserves in 1990 With and Without UPS
_______	Schedule 7:	Gulf and Southern Planned Reserves With and Without UPS

Parsons Cont.

_______ Schedule 8: 1990 Coal-Fired Generating Capacity Cost

_______ Schedule 9: UPS Summary

_______ Schedule 10: Southern Electric System-Total UPS Allocated to Units

_______ Schedule 11: O & M Benchmark Comparison

_______ Schedule 12: EPRI Total 1990 Planned Expenditure Budget

_______ Schedule 13: Comparison of 1984 Actual Budget Deviation for SCS to the FPSC Adjustment in Order No. 14030

_______ Schedule 14: Coal Inventory Level Policy

_______ Schedule 15: Responsibility for MFRs

Miscellaneous

_______ Late Filed Exhibit No. 1, Public Counsel's Deposition of E. B. Parsons, Jr., Docket No. 891345-EI

_______ Late Filed Exhibit No. 3, Public Counsel's Deposition of E. B. Parsons, Jr., Docket No. 891345-EI

_______ Gulf's Response to Item No. 101, Staff's Fourth Set of Interrogatories, Docket No. 881167-EI

_______ Gulf's Response to Item No. 66, Public Counsel's Second Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 67, Public Counsel's Second Set of Interrogatories, Docket No. 891345-EI

Parsons Cont.

________ Gulf's Response to Item No. 221, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 222, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 223, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 224, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 225(a) (b), (c), (d), (e), (g), and (j), Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 228, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 232, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 269, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 313, Public Counsel's Seventh Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 83, Staff's Fifth Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 93, Staff's Seventh Set of Interrogatories, Docket No. 891345-EI

________ Gulf's Response to Item No. 94, Staff's Seventh Set of Interrogatories, Docket No. 891345-EI

Parsons Cont.

	________	Gulf's Response to Item No. 7, Staff's Third Request for Production, Docket No. 891345-EI	
Howell: Testimonial Direct	________ (MWH-1)		
	________	Schedule 1:	Southern System Off-System Capacity Sales
	________	Schedule 2:	Responsibility for MFRs
Testimonial Rebuttal	________ (MWH-2)		
	________	Schedule 1:	Gulf Power Company Comparison of Load and Capacity
	________	Schedule 2:	Gulf Power Company Comparison of Load and Capacity
	________	Schedule 3:	Gulf Power Company Comparison of Load and Capacity
	________	Schedule 4:	Gulf Power Company Comparison of Load and Capacity
	________	Schedule 5:	Gulf Power Company Comparison of Load and Capacity
	________	Schedule 6:	Gulf Power Company Comparison of Load and Capacity
	________	Schedule 7:	Customer Cost Comparison
	________	Schedule 8:	GSU Unit Power Sales Allocated to Units
	________	Schedule 9:	Plant Daniel and Plant Scherer Transmission

Howell Cont.

Miscellaneous

- ________ Gulf's Response to Item No. 61, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 75, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 92, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 93, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 106, Staff's Seventh Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 132, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 285, Public Counsel's Fifth Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 286, Public Counsel's Fifth Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 287, Public Counsel's Fifth Set of Interrogatories, Docket No 891345-EI
- ________ Gulf's Response to Item No. 23, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI
- ________ Gulf's Response to Item No. 58, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI

Howell Cont.

	_______	Late Filed Exhibit No. 1, Public Counsel's Deposition of M. W. Howell, Docket No. 891345-EI
	_______	Late Filed Exhibit No. 2, Public Counsel's Deposition of E. B. Parsons, Jr., Docket No. 891345-EI
Lee: Testimonial Direct	_______ (CRL-1)	
	_______	Schedule 1: Index
	_______	Schedule 2: Power Generation Goals
	_______	Schedule 3: Schedule of Turbine - Generator Inspections
	_______	Schedule 4: Responsibility for MFRs
Testimonial Rebuttal	_______ (CRL-2)	
	_______	Schedule 1: Crist Condenser and Cooling Tower Corrosion
	_______	Schedule 2: Gulf's Response to Item No. 231, Public Counsel's Fourth Set of Interrogatories, Docket No. 891345-EI
	_______	Schedule 3: Plant Scherer Unit 3 Production O & M Budget
Miscellaneous		
	_______	Gulf's Response to Item No. 100, Staff's Seventh Set of Interrogatories, Docket No 891345-EI
	_______	Gulf's Response to Item No. 102, Staff's Seventh Set of Interrogatories, Docket No 891345-EI
	_______	Gulf's Response to Item No. 103, Staff's Seventh Set of Interrogatories, Docket No 891345-EI
	_______	Gulf's Response to Item No. 105, Staff's Seventh Set of Interrogatories, Docket No 891345-EI

Jordan:

Testimonial Direct ______ (CEJ-1)

	______	Schedule 1:	Index to Schedules
	______	Schedule 2:	Transportation Cost Savings Duel to New Maintenance Program
	______	Schedule 3:	Transportation Reliability Improvements
	______	Schedule 4:	General kepair Shop Productivity Improvements
	______	Schedule 5:	Responsibility for MFRs

Testimonial Rebuttal ______ (CEJ-2)

	______	Schedule 1:	Summary of Overhead vs. Underground Expenses
	______	Schedule 2:	Comparison of DSO Charges 1984-1989

Miscellaneous

	______	Gulf's Response to Item No. 211(g), Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
	______	Gulf's Response to Item No. 242, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
	______	Gulf's Response to Item No. 243, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
	______	Gulf's Response to Item No. 245, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI
	______	Gulf's Response to Item No. 248, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI

<u>Conner</u>: Testimonial Direct	(ECC-1)	Present allocation of space -- Corporate Headquarters Building
Testimonial Rebuttal	(ECC-2)	
		Schedule 1: Index
		Schedule 2: Parking Cost Comparisons
		Schedule 3, p.1: Pace Blvd. Land Held for Future Use
		Schedule 3, p.2: Gulf Power Land and building Survey
		Schedule 4: 1990 Project Reallocation
Miscellaneous		
		Gulf's Response to Item No. 55, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI
		Gulf's Response to Item No. 56, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI
		Gulf's Response to Audit Data Request No. 8, Docket No. 891345-EI
		Gulf's Response to Audit Data Request No. 47, Docket No. 891345-EI
		Gulf's Response to Audit Data Request No. 71, Docket No. 891345-EI
		Gulf's Response to Audit Data Request No. 92, Docket No. 891345-EI

Conner Cont.

	______	Gulf's Response to Audit Data Request No. 105, Docket No. 891345-EI	
	______	Gulf's Response to Audit Data Request No. 106, Docket No. 891345-EI	
	______	Gulf's Response to Audit Data Request No. 157, Docket No. 891345-EI	
	______	Gulf's Response to Audit Data Request No. 301, Docket No. 891345-EI	
	______	Gulf's Response to Audit Data Request No. 303, Docket No. 891345-EI	
	______	"Final Report on Corporate Office Building, Gulf Power Project PE 872 (3336), AW 408951 (E-84-14)" Dated May 23, 1989	
Bowers: Testimonial Direct	(WPB-1)		
	______	Schedule 1:	Air Products Quality Management Process-A Guideline for Utilities
	______	Schedule 2:	Importance of Programs and Services-Residential Customers Survey Summary
	______	Schedule 3:	Impact of FPSC Decision on Benchmark Calculation
	______	Schedule 4:	1990 Sales Expenses by Function
	______	Schedule 5:	MFRs
Testimonial Rebuttal	(WPB-2)		
	______	Schedule 1:	1990 Model Energy Code Energy Cost Comparison

Bowers Cont.

Miscellaneous

_______ Gulf's Response to Item No. 30, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 43, Staff's Second Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 45, Staff's Second Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 109, pp. 1-20, Staff's Seventh Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 130, Staff's Eighth Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 76, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 120, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 120, pp. 3-6, Public Counsel's Second Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 253, Public Counsel's Fourth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 31, pp. 1-10, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI

_______ Gulf's Response to Item No. 33, pp. 1-3, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI

_______ Gulf's Response to Item No. 35, p. 1, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI

Bowers Cont.

______	Gulf's Response to Item No. 36, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI
______	Gulf's Response to Item No. 38, pp. 1-2, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI
______	Gulf's Response to Item No. 41, p. 1, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI
______	Gulf's Response to Item No. 43, Public Counsel's Second Request For Production of Documents, Docket No. 891345-EI
______	Prefiled Direct Testimony of W. P. Bowers, Docket No. 890324-EI
______	Prefiled Rebuttal Testimony of W. P. Bowers, Docket No. 890324-EI

Morin:
Testimonial Direct ______ (RAM-1)

______	Schedule 1:	Resume
______	Schedule 2:	DCF Model Quarterly Timing Adjustment
______	Schedule 3:	Southern Co. Earnings and Dividends Per Share
______	Schedule 4:	Electric Utilities Bond Rating, BETA and Common Equity Ratio
______	Schedule 5:	Required Market Return and Measures of Risk for High-BETA Electric Utilities
______	Schedule 6:	Risk Premium Analysis-Southern Co. 1979-1988

Morin Cont.

	_______	Schedule 7:	Risk Premium Analysis- Southern Co. 1984-1989
	_______	Schedule 8:	Moody's Electric Utilities Risk Premium Analysis
Testimonial Rebuttal	_______ (RAM-2)		
	_______	Schedule 1:	Quarterly DCF Model
	_______	Schedule 2:	Moody's 24 Non-Nuclear Electrics: Growth Rates Historical & Projected
	_______	Schedule 3:	Dow Jones Index Companies Projected Returns, yields, Growth Rates
	_______	Schedule 4:	High-Quality Electrics Growth Rates
Kilgore: Testimonial Direct	_______ (JTK-1)		
	_______	Schedule 1:	Gulf Power Co. 1990 Retail Customer Forecast
	_______	Schedule 2:	Gulf Power Co. 1990 Retail Energy Sales Forecast
	_______	Schedule 3:	Gulf Power Co. 1990 Retail Base Revenue Forecast
	_______	Schedule 4:	Gulf Power Co. Short-Term Retail Forecast Accuracy
	_______	Schedule 5:	Rate and Other classifications Summary
	_______	Schedule 6:	Responsibility for MFRs

Kilgore Cont.

Testimonial Rebuttal ________ (JTK-2)

________	Schedule 7:	1990 Retail Customer Forecast
________	Schedule 8:	1990 Retail Energy Sales Forecast
________	Schedule 9:	1990 Retail Base Revenue Forecast
________	Schedule 10:	MFR E-14
________	Schedule 11:	MFR E-18a
________	Schedule 12:	MFR E-18b
________	Schedule 13:	MFR E-18c
________	Schedule 14:	Southeastern U.S. Annual Net Energy for Load 1984-1985 Actual vs. Forecast
________	Schedule 15:	Historical Growth Rate Forecast
________	Schedule 16:	Comparison of Forecast Accuracy-1989 Test year Growth in Retail Base Rate Revenue
________	Schedule 17:	Short-Term Retail Forecast Accuracy
________	Schedule 18:	Graphs-Rosen/Larkin vs. Gulf Power Accuracy Comparison

Miscellaneous

________ Gulf's Response to Item No. 18, Staff's First Set of Interrogatories, Docket No. 891345-EI

Kilgore Cont.

	________	Gulf's Response to Item No. 52, Staff's Third Set of Interrogatories, Docket No. 891345-EI
	________	Gulf's Response to Item No. 115, Staff's Eighth Set of Interrogatories, Docket No 891345-EI
	________	Gulf's Response to Item No. 277, Public Counsel's Fifth Set of Interrogatories, Docket No 891345-EI

O'Sheasy:
Testimonial Direct (MTO-1)

________	Schedule 1:	Present Rate Summary for 12 Months Ending December 31, 1990
________	Schedule 2:	Analysis of Investment for 12 Months Ending December 31, 1990
________	Schedule 3:	Analysis of Revenues for 12 Months Ending December 31, 1990
________	Schedule 4:	Analysis of Expenses for 12 Months Ending December 31, 1990
________	Schedule 5:	Table of Line Allocators and Percentages for 12 Months Ending December 31, 1990
________	Schedule 6:	Responsibility for MFRs
________	Schedule 7:	Levelization Definition
________	Schedule 8:	Summary and Unit Cost for Revised 12 Months Ending December 31, 1990

Miscellaneous

*________	Gulf's Response to Item No. 6, Staff's First Set of Interrogatories, Docket No. 891345-EI

*Also sponsored by Witness Haskins

1570

O'Sheasy Cont.

	________	Gulf's Response to Item No. 27, Industrial Intervenors' Second Request for Production of Documents, Docket No. 891345-EI
	________	Late Filed Exhibit No. 6, Staff's Deposition of M. T. O'Sheasy, Docket No. 891345-EI
Haskins: Testimonial Direct	________ (JLH-1)	
	________	Schedule 1: Analysis of Proposed Revenue by Rate-12 Months Ending December 1990
	________	Schedule 2: Rate of Return by Rate Class
	________	Schedule 3: Proposed Tariffs
	________	Schedule 4: Bill Frequency Summary for 12 Months Ending September 1989
	________	Schedule 5: Average Cost of Localized Investment
	________	Schedule 6: 1987 and 1988 Peak Hours Distribution
	________	Schedule 7: Annual Hours-Use Comparison
	________	Schedule 8: Responsibility for MFRs
Testimonial Rebuttal	________ (JLH-2)	
	________	Schedule 1: Analysis of Proposed Revenue by Rate - 12 Months Ending December, 1990
	________	Schedule 2: Rates of Return by Rate Class

Haskins Cont.

_______ Schedule 3: Average Cost of Localized Investment

_______ Schedule 4: Comparison of Gulf's PXT CED Bill and PXT Minimum Bill to Mr. Pollock's Annual Minimum Bill

_______ Schedule 5: Examples of GSD Minimum Bill Calculation

_______ Schedule 6: Revision of Mr. Kisla's Table II

_______ Schedule 7: Revised Tariff Sheet No. 6.30

_______ Schedule 8: Comparison of Gulf's SS Demand Calculation to Mr. Kisla's SS Demand Calculation

Miscellaneous

_______ Gulf's Response to Item No. 4, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 13, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 27, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 32, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 35, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 36, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 37, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 38, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 40, Staff's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 47, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 48, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 54, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 64, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 65, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 66, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 67, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 73, Staff's Third Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 110, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 111, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

Haskins Cont.

_______ Gulf's Response to Item No. 112, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 113, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 120, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 121, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 124, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 126, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 141, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 144, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 145, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 146, Staff's Eighth Set of Interrogatories, Docket No 891345-EI

_______ Gulf's Response to Item No. 5, Staff's Second Request for Production of Documents, Docket No 891345-EI

_______ Gulf's Response to Item No. 7, Monsanto's First Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 24, Monsanto's First Request for Production of Documents, Docket No. 891345-EI

Haskins Cont.

_______ Gulf's Response to Item No. 12, Industrial Intervenors' Second Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 13, Industrial Intervenors' Second Set of Interrogatories, Docket No. 891345-EI

_______ Gulf's Response to Item No. 11, FEA's First Set of Interrogatories, Docket No. 891345-EI

_______ Late Filed Exhibit No. 6, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

_______ Late Filed Exhibit No. 4, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

_______ Late Filed Exhibit No. 5, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

_______ Late Filed Exhibit No. 7, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

_______ Late Filed Exhibit No. 10, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

_______ Late Filed Exhibit No. 15, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

_______ Late Filed Exhibit No. 16, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

_______ Late Filed Exhibit No. 20, Staff's Deposition of J.L. Haskins, Docket No. 891345-EI

Bushart:
Testimonial Rebuttal _______ (RDB-1)

_______ Schedule 1: Economic Impact of Competitive Loads

Hodges:
Miscellaneous

	________	Gulf's Response to Item No. 88, Staff's Sixth Set of Interrogatories, Docket No. 891345-EI

Fell:
Testimonial Rebuttal (GAF-1)

________	Schedule 1:	Warehouse Audit and Alleged $2,000,000 Shortage
________	Schedule 2:	Misappropriations by Kyle Croft

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Gulf Power Company)
for a Rate Increase) Docket No. 891345-EI
)

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 25th day of May, 1990 by U. S. Mail or hand delivery to the following:

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