

Gulf Power Company  
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ORIGINAL  
FILE COPY

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

the southern electric system

July 23, 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-E1~~

Enclosed are an original and fifteen copies of Gulf Power  
Company's Late Filed Exhibit No. 629 to be filed in the above  
docket.

Sincerely,

*Jack L. Haskins*

lw

Enclosures

ACK  \_\_\_\_\_  
AFA 2 \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR orig \_\_\_\_\_  
EAG  \_\_\_\_\_  
LEG 1 \_\_\_\_\_  
LIN 6 \_\_\_\_\_  
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC 1 \_\_\_\_\_  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

06612 JUL 23 1990

FPSC-RECORDS/REPORTING

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 23rd day of July, 1990 by U. S. Mail or hand delivery to the following:

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Gulf Power Company  
 EIM including ECCR  
 Non-recurring Expense

Description	1985	1985	1986	1986	1987	1987	1988	1988	1989	1989	1990	1990
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Territorial Steam Turbine & Boiler Inspection Maintenance	4,047,964	4,744,000	4,538,775	3,252,000	754,380	834,000	4,628,273	9,295,000	7,489,114	6,769,000	6,977,000	5,340,000
Int Terr I & B Maint in 1990 \$	4,873,951	5,736,094	5,361,927	3,041,783	859,714	950,451	5,067,681	10,177,867	7,816,313	7,002,116	6,977,000	5,340,000
Plant Diesel												
Plant Diesel Turbine & Boiler	823,335	570,500	362,170	429,500	1,313,163	381,000	240,246	374,250	507,981	688,000	Not	553,500
Plant Diesel I & B in 1990 \$	991,337	686,911	356,972	507,394	1,496,520	434,199	263,110	411,971	530,175	718,059	Avail.	553,500
Vehicle Rebuilds (See Note 1)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	39,575	48,000	45,109	90,020	117,214	156,887	Not	116,500
Vehicle Rebuilds in 1990 \$	0	0	0	0	45,101	54,702	49,435	98,566	122,335	163,741	Avail.	116,500
Other												
Plant Diesel Steam Production	2,415,466	2,598,680	107,104	102,992	2,268,109	2,598,677	1,000,282	1,804,473	928,418	910,342	Not	1,701,705
Plant Diesel in 1990 \$	2,908,342	3,128,941	126,528	121,671	2,504,805	2,961,530	1,979,960	2,663,385	979,417	950,115	Avail.	1,701,705
Plant Diesel in 1990 \$	153,203	85,000	101,505	25,000	0	0	100,844	50,800	117,058	0	Not	100,000
Plant Diesel in 1990 \$	186,872	102,344	119,916	29,534	0	0	119,178	54,747	122,172	0	Avail.	100,000
Plant Diesel in 1990 \$	Not Avail.	Not Avail.	Not Avail.	472,652	458,573	460,973	248,701	200,466	340,350	324,325	Not	873,151
Plant Diesel in 1990 \$	0	0	0	558,372	522,604	525,282	272,313	219,498	355,220	338,495	Avail.	873,151
Plant Diesel in 1990 \$	1,20405	1,20405	1,18136	1,18136	1,13963	1,13963	1,09494	1,09494	1,04369	1,04369	1,00000	1,00000
Plant Diesel in 1990 \$	1,9201	1,9201	3,6621	3,6621	4,0821	4,0821	4,0821	4,0821	4,9102	4,9102	4,3692	4,3692

DOCUMENT NUMBER-DATE  
 06612 JUL 23 1990  
 PSC RECORDS REPORTING

Gulf Power Company  
O&M excluding ECCR  
Non-recurring Expense

#### Territorial Turbine and Boiler Inspections

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The level of Turbine and Boiler expense is not excessive or unrepresentative of future periods expected Turbine and Boiler expense. As shown in the attached graph (page 5 of 5), Gulf's 1990 Territorial Steam Production Turbine and Boiler Inspection maintenance is very close to the 1985 through 1990 average. The 1990 Total Steam Production expenses requested are actually \$643,000 less than the 1985 through 1990 average. If a disallowance for the difference between the 1985-1990 Average Turbine and Boiler expense and the 1990 budget were recommended, a corresponding increase for Total Steam Production would also be warranted based on the averaging technique. This is because if the average is truly representative then the Total Steam Production 1990 request would need to be increased by \$643,000 to make it representative.

#### Plant Daniel Turbine and Boiler Inspections

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When Plant Daniel Turbine and Boiler inspection maintenance is added into the territorial Turbine and Boiler Maintenance, the average 1985-1990 expense is very close to the 1990 budget.

#### Vehicle Rebuilds

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The in-house vehicle rebuild program started in 1987 has grown each year since its inception. The O&M costs of this program for 1991 are budgeted to be \$127,500. Gulf's Vehicle rebuild program is based on saving the additional expenses incurred in retaining a contractor to rebuild the Company's large line trucks. Due to preventive maintenance Gulf has been able to extend the life of the cab and chassis and thus does not replace these retirement units. This program has helped Gulf to avoid spending additional dollars. The historical average is not representative of the proper test year amount which should be approved by the Commission. Please see the briefs for Issue No. 29.

#### Other

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The amount of the 1985-1990 average is greater than the amount requested in the 1990 test year.

#### Plant Daniel Steam Production Other

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Even though Gulf's Plant Daniel 1990 Steam Production Other expenses are above the 1985-1990 average, Gulf's 1990 Total Steam Production request is \$643,000 less than the 1985-1990 average. See Turbine and Boiler expenses above and the attached graph (Page 5 of 5).

Gulf Power Company  
O&M excluding ECCR  
Non-recurring Expense

Southern Company Services

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The reason Southern Company Services 1990 budgeted level of non-recurring is greater than the historical average is due mainly to one environmental program. The program is called substation ground monitoring and the Southern Company Services 1990 budget for this program is \$408,040. The program Company-wide is called Environmental Ground Testing and is justified on page 59 of 94 on MFR C-57. Of the \$693,000 justified in the MFR \$408,040 is this SCS non-recurring program. Although this program is causing 1990 SCS non-recurring to be higher than historically experienced the SCS level of non-recurring expenses should not be adjusted.

Even though the Substation Ground Monitoring has been shown as non-recurring, potential cleanup expense may be as much or more than the testing expense which Gulf is now incurring. Due to the escalating concern regarding the environment it is highly probable that Gulf will incur environmental testing expenses in 1991. The historical average for environmental expense is not representative of a normal level of non-recurring expense.

As shown in Late Filed Exhibit No. 627, the 1990 projected SCS expenses have only increased 22% since 1984 actual where inflation has increased 25%. SCS O&M expenses budgeted for 1991 are greater than 1990 even though the 1990 non-recurring expenses are higher than historical non-recurring expenses. The average of all of SCS expenses 1985 through 1990 as shown below is within \$40,000 of the 1990 budget. Therefore even though 1990 budgeted non-recurring expenses are higher than normal, the total actual 1985-1990 average SCS O&M expenses are very close to the 1990 budget. Gulf also adjusted its SCS O&M request \$415,000 for investigation expenses which puts the 1990 request well below the 1985 through 1990 average.

SCS O&M	\$	In 1990 \$	Excluding Investigation Expenses
1985 Actual	11,901,360	14,329,833	
1986 Actual	13,457,835	15,898,548	
1987 Actual	12,794,131	14,580,576	
1988 Actual	13,620,511	14,913,642	
1989 Actual	14,190,194	14,810,164	
1990 Projected Exhibit No. 627	14,958,410	14,958,410	
Average in 1990 \$		14,915,196	14,775,360
1990 O & M Budget	14,954,931	14,954,931	14,539,931
1990 O&M budget less the 1985-90 Average		39,736	(235,429)

\* When 1989 and 1990 investigation expenses are subtracted out of the 1985-1990 average and compared to the budget less investigation expenses, the SCS 1990 O&M request is \$235,000 less than the 1985-1990 average.

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Docket No. 891345-E1  
GULF POWER COMPANY  
Late Filed Exhibit No. 629  
Witness: D. P. Gilbert  
Page 4 of 5

Gulf Power Company  
O&M excluding ECCR  
Non-recurring Expense

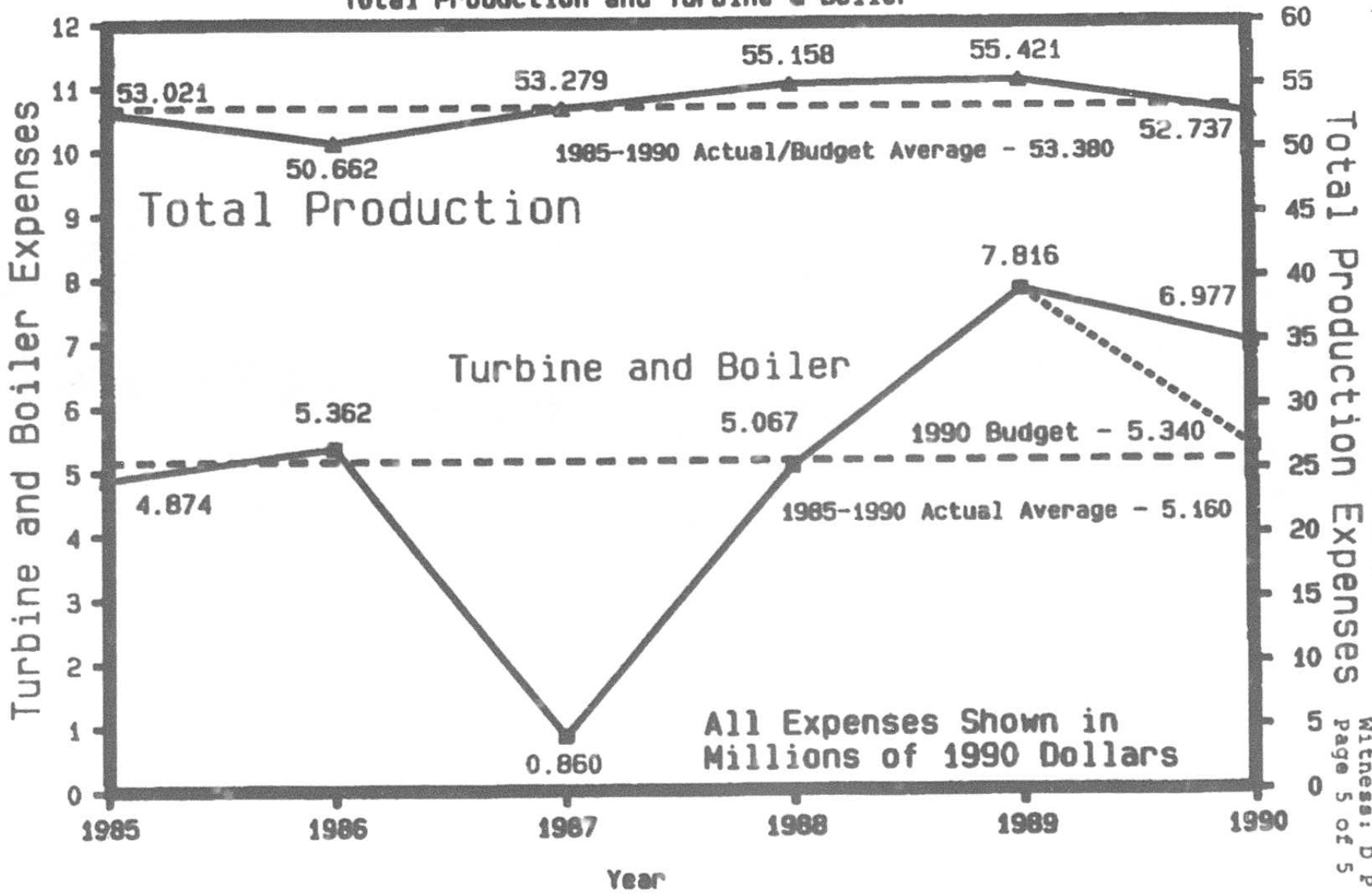
Summary

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No adjustment for non-recurring expenses is warranted. Gulf's non-recurring expenses are basically periodic or cyclical in nature, are not excessive and where not representative have been fully explained and justified. In the areas of Turbine and Boiler, Plant Daniel Production and SCS, Gulf has requested a reasonable level of expense even though the 1990 non-recurring expenses may be somewhat higher than the historical average. The total 1990 requests (which include the non-recurring expenses) for the areas of Production and SCS expenses are reasonable and representative when compared to the average.

# Gulf Power Company

Operation and Maintenance Expenses  
Total Production and Turbine & Boiler



FLORIDA PUBLIC SERVICE COMMISSION  
Docket No. 891345-EI  
GULF POWER COMPANY  
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page 5 of 5

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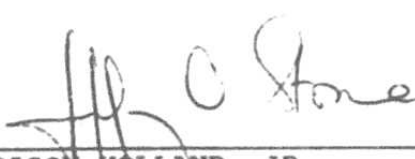
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