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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power)
Company for an increase in its)
rates and charges)

Docket No.: 891345-EI
Date filed: 10/18/90

GULF POWER COMPANY'S MOTION TO SEVER
AS TO ISSUE 111, OR IN THE ALTERNATIVE,
REQUEST FOR EXPEDITED CONSIDERATION
OF MOTION FOR RECONSIDERATION

Gulf Power Company ("Gulf Power", "Gulf", or "The Company"), by and through its undersigned attorneys, respectfully requests that the Florida Public Service Commission ("Commission" or "FPSC") sever Issue 111 (requiring partial refund of interim rates) in the above docket from the remaining issues decided in Order No. 23573 ("the Order") for the purpose of considering Gulf's motion for reconsideration of that Order which addresses only Issue 111, which motion for reconsideration is filed concurrently herewith, and allow the remainder of Order No. 23573 to become final for purposes of an immediate appeal to the Supreme Court of Florida. In the alternative, Gulf requests that the Commission give expedited consideration to its motion for reconsideration as to Issue 111 so that Gulf may take an immediate appeal of the Order upon prompt disposition of that motion. As grounds for this Motion, Gulf states:

1. On March 13, 1990, the Commission issued Order No. 22681, ("the Interim Order"), granting Gulf an interim increase of \$5,751,000 for the period March 10, 1990 until the effective date of the new rates to be determined in the full rate case.

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2. On August 14, 1990, in connection with Issue 111, the Commission voted to require Gulf to refund \$2,052,000 from the interim increase of \$5,751,000 previously authorized in Order No. 22681. On October 3, 1990, the Commission issued Order No. 23573 in this Docket, formalizing the decision made at the Agenda Conference on August 14, 1990 including said vote on Issue 111.

3. Concurrently with the filing of this Motion, Gulf is requesting reconsideration of the Commission's decision under Issue 111 to require a partial refund of the interim rate increase. This is the only issue addressed in Order No. 23573 that causes a refund of rates already collected. All other issues decided in said Order affect rates to be collected through billings rendered upon meter readings taken on or after September 13, 1990. Gulf seeks to take an immediate appeal to the Supreme Court of Florida in order to lessen the immediate and irreparable financial harm to the Company resulting from the prospective application of the Order.

4. Among the several matters decided on August 12 and 14, 1990, which have severely impacted the financial integrity of the Company and adversely impacted its ability to meet its statutory obligation to provide efficient reliable electric service to its customers, the Commission formally voted to impose a 50 basis point "mismanagement penalty" against the return on equity allowed in

Docket No. 891345-EI. The so-called "mismanagement penalty" was adopted in the Commission's vote on Issue 38 as defined in the prehearing order issued in this docket, which stated:

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

The effect of the Commission's imposition of the "penalty" is to reduce the return on equity of 12.55 percent determined by the Commission in Order No. 23573 to be fair and reasonable to 12.05 percent. The revenue impact of this penalty is to reduce the revenue increase of \$14,131,000, which the Commission otherwise deemed appropriate, to \$11,838,000. More succinctly stated, the Commission has imposed a penalty for mismanagement of \$2.3 million annually for two years. The severe financial impact which this and other decisions have had and will continue to have on the Company are more fully articulated in the affidavit of Gulf's Vice President-Finance, Arlan E. Scarbrough, attached to Gulf's Motion to Stay, also filed concurrently herewith.

5. In order to enable the Company to take an immediate appeal as to the prospective aspects of Order No. 23573, while requesting reconsideration of that part of Order No. 23573 requiring a partial refund of the interim rate increase previously collected, Gulf requests that Issue 111, dealing with the interim

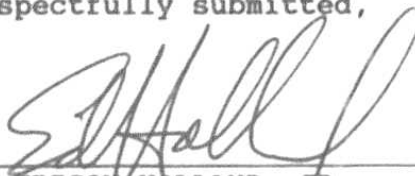
refund, be severed from the other issues addressed in Order No. 23573 and that the remainder of that Order be made final and ripe for immediate appeal. Gulf is prepared to file an immediate appeal of the remaining aspects of the Order including the decision as to the mismanagement penalty and will request that the Supreme Court of Florida give expedited consideration of the appeal.

6. If the Commission should deem it inappropriate or otherwise undesirable to sever Issue 111 for purposes of reconsideration, while allowing the remainder of Order No. 23573 to become final for purposes of appeal, then Gulf requests, at a minimum, that the Commission give expedited consideration to its Motion for Reconsideration as well as any other motions filed by other parties to this Docket. Prompt disposition of any such motions for reconsideration is necessary to enable the Company to seek an expedited determination of the unfavorable prospective aspects of Order No. 23573 including propriety of the Commission's decision on Issue 38, and will allow any relief afforded by the Florida Supreme Court to be as timely as possible and thus meaningful in light of Gulf's financial circumstances.

WHEREFORE, Gulf Power Company respectfully requests that the Florida Public Service Commission issue an order severing Issue 111 in this Docket for the purposes of its motion for reconsideration as to that issue filed concurrently herewith, thereby allowing the Company to seek an immediate appeal of the

remaining issues addressed in Order No. 23573. In the alternative, Gulf respectfully requests that the Commission grant expedited consideration to any and all motions for reconsideration as to Order No. 23573 in order to preserve Gulf's ability to obtain judicial review in a timely and meaningful manner.

Respectfully submitted,



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Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 18th day of October, 1990 by hand delivery or U.S. Mail to the following:

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