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July 1, 1994

FILE COPY

HAND DELIVERED

Blanca S. Bayo, Director
 Division of Records and Reporting
 101 East Gaines Street
 Tallahassee, Florida 32399

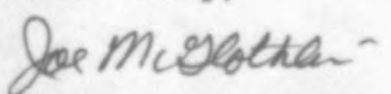
Re: Docket No. 931044-EI, Petition for Authority to Implement
 a Replacement Rate Schedule for Standby Electric Service
 by Gulf Power Company.

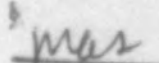
Dear Ms. Bayo:

Enclosed for filing and distribution are the original and 15
 copies of the following:

- ACK _____
 - AFA _____
 - APP _____
 - CAF _____
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 - WAS _____
 - OTH _____
1. Testimony and Exhibit of Jeffry Pollock.
 2. Direct Testimony of Charles Bogatie.
 3. Direct Testimony of Bruce K. Hollinger.
 4. Direct Testimony of Tom Kislak.
 5. Direct Testimony of Denny Brueggemeier.

Please acknowledge receipt of the above on the extra copies
 enclosed herein and return them to me. Thank you for your
 assistance.

Yours truly,

 Joseph A. McGlothlin

RECEIVED & FILED

 FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
 06542 JUL-1 94
 Brueggemeier
 FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE
 06541 JUL-1 94
 Hollinger
 FPSC-RECORDS/REPORTING

Enclosures
 DOCUMENT NUMBER-DATE
 Pollock
 06538 JUL-1 94
 FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE
 Bogatie
 06539 JUL-1 94
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DOCUMENT NUMBER-DATE
 Hollinger
 06540 JUL-1 94
 FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Authority to)
Implement a Replacement Rate)
Schedule for Standby Electric)
Service by Gulf Power Company.)

DOCKET NO. 931044-EI

FILED: July 1, 1994

ORIGINAL
FILE COPY

DIRECT TESTIMONY

OF

BRUCE K. HOLLINGER

ON BEHALF OF MONSANTO CHEMICAL COMPANY

DOCUMENT NUMBER-DATE

06540 JUL-18

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Authority to) DOCKET NO. 931044-EI
Implement a Replacement Rate)
Schedule for Standby Electric) FILED: July 1, 1994
Service by Gulf Power Company.)

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY

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4 BRUCE K. HOLLINGER

5 ON BEHALF OF MONSANTO CHEMICAL COMPANY

6 DOCKET NO. 931044-EI

7 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

8 A. My name is Bruce K. Hollinger. My business address is
9 800 North Lindbergh Boulevard, St. Louis, Missouri,
10 63167. My title is Manager, Utilities for Monsanto
11 Chemical Company. My office is located at the Monsanto
12 World Headquarters corporate offices in St. Louis.

13 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR EDUCATIONAL
14 BACKGROUND AND PROFESSIONAL EXPERIENCE.

15 A. I graduated from the University of Illinois with a B.S.
16 degree in electrical engineering in 1969. I received my
17 M.B.A. degree from Loyola University of Chicago in 1973,
18 and joined Monsanto at that time. I have had assignments
19 for Monsanto in electrical utility design and financial
20 analysis, and assumed my current position in 1977. I am
21 a registered professional engineer in the State of
22 Missouri.

23 Q. WHAT ARE YOUR CHIEF RESPONSIBILITIES?

24 A. As my primary job function, I provide consultation and
25 administration of Monsanto's participation in utility

1 rate cases. I also provide assistance to plants and
2 locations in the negotiation of utility contracts, and
3 assist with the development of forecasts of the cost and
4 availability of utility services. In addition, my office
5 is actively involved in the development of all
6 cogeneration projects and activities for our various
7 plant locations.

8 Q. PLEASE GIVE THE COMMISSION SOME BACKGROUND ON MONSANTO'S
9 OPERATIONS IN FLORIDA.

10 A. Monsanto owns and operates a chemical plant facility near
11 Pensacola, Florida. The plant has approximately 1,800
12 direct employees, with an aggregate annual payroll of
13 about \$100 million, plus approximately 1,000 additional
14 contract employees. The plant's main product is nylon
15 staple for carpet yarn and tire yarn. Intermediate
16 products include Adipic Acid, Nitric Acid and Vydne
17 plastic staple. In addition, the plant is involved in
18 several other operations, including Maleic Anhydride,
19 Advanced Elastomers and Cyrex.

20 Q. PLEASE DESCRIBE MONSANTO'S PENSACOLA COGENERATION UNIT.

21 A. Monsanto installed an 86 MW cogeneration unit at the
22 Pensacola facility in 1993. We anticipate that we will
23 be the largest individual standby customer on the Gulf
24 Power system.

25 Q. HOW HAS THE MONSANTO COGENERATION FACILITY OPERATED SO

1 FAR?

2 A. Our cogeneration unit was designed to provide a very
3 reliable and cost-effective supply of electricity. Given
4 the sensitivity of plant operations to outages, we expect
5 to achieve an availability rate much higher than 90%.
6 Thus far, the unit has performed in excellent fashion,
7 with unscheduled outage time of less than three days in
8 the first nine months of operation. This is an
9 availability rate of approximately 99 percent.

10 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY HERE TODAY?

11 A. I wish to express Monsanto's support for the Replacement
12 Rate Schedule for Standby Electric Service as proposed by
13 Gulf Power Company.

14 Q. WHY IS MONSANTO PARTICIPATING IN THIS PROCEEDING?

15 A. Our situation is a little different than that of the
16 other current standby customers. Monsanto is a
17 relatively new standby customer.

18 Since we are "new players," so to speak, we have
19 little experience with the existing rate. However, in
20 anticipation of our new unit coming on-line, and having
21 been made very aware of the problems created by the
22 complexity and subjectivity of the existing rate, we have
23 participated fully in the collaborative effort between
24 Gulf Power and the other standby service customers to
25 develop a tariff that would be more objective, more

1 capable of precise determinations for purposes of our
2 decision making, and therefore easier to administer.

3 Q. ASIDE FROM THE OBJECTIVES OF OBJECTIVITY AND CERTAINTY
4 THAT WILL MAKE THE REVISED RATE EASIER TO ADMINISTER,
5 DOES THE PROPOSED RATE OFFER ANY OTHER ADVANTAGES?

6 A. Yes. One of the more attractive features of the new
7 tariff is the strong incentive to perform planned
8 maintenance outages during the non-summer months.
9 Specifically, there would be no daily demand charge
10 applied during Coordinated Maintenance Months, or CMM's.
11 The effort to move standby load to non-summer months
12 makes economic sense, given my understanding that both
13 Gulf Power Company and the Southern Company systems are
14 summer-peaking. Further, I understand that the ability
15 to coordinate maintenance outages with the utility, which
16 would be the case during CMM's, is of value to Gulf Power
17 and should be recognized in the pricing of maintenance
18 service. The alternative -- that is, a greater
19 likelihood of having to provide standby customers with
20 maintenance power during the time of the highest peak --
21 could cause Gulf Power and/or Southern to construct
22 additional capacity, the costs of which would be borne by
23 all customers.

24 Q. PLEASE SUMMARIZE YOUR RECOMMENDATION.

25 A. I think that it is important to note that the new rate

1 proposal was agreed upon jointly only after discussions
2 which ultimately extended over two years. The new rate
3 represents a sincere effort by Gulf Power to work
4 together with and respond to the needs of their
5 customers. It most definitely is not a hastily assembled
6 "quick-fix" solution. The problems are real, and the
7 proposed tariff represents a realistic improvement and
8 solution to those problems. I therefore urge the
9 Commission to approve the implementation of the new rate
10 schedule. Thank you.

11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes.

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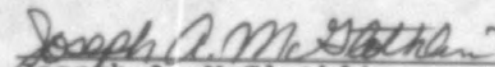
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of Bruce K. Hollinger has been furnished by U.S. Mail or by hand delivery* to the following parties of record, this 1st day of July, 1994.

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