

12:10 pm

LAW OFFICES
McWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON & BAKAS

100 NORTH TAMPA STREET, SUITE 2000
TAMPA, FLORIDA 33602-5126

TALLAHASSEE OFFICE
315 SOUTH CALHOUN STREET
SUITE 716
TALLAHASSEE, FLORIDA 32301
TELEPHONE (904) 222-2525
FAX (904) 222-5006

MAILING ADDRESS: TAMPA
P.O. BOX 3350, TAMPA, FLORIDA 33601-3350

TELEPHONE (813) 224-0866
FAX (813) 221-1854
CABLE GRANDLAW

PLEASE REPLY TO:
TALLAHASSEE

- JOHN W. BAKAS, JR.
- LEWIS J. CONWELL
- LINDA C. DARREY
- C. THOMAS DAVIDSON
- AILEEN S. DAVIS
- STEPHEN O. DECKER
- ENRICO G. GONZALEZ
- LESLIE JOUGHIN, III
- VICKI GORDON KAUFMAN
- JOSEPH A. MCGLOTHLIN
- RICHARD S. MCIVER
- JOHN W. McWHIRTER, JR.
- RICHARD W. REEVES
- FRANK J. RIEF, III
- MATTHEW D. SOYSTER
- PAUL A. STRASKE

September 1, 1994

**ORIGINAL
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 Stand-by Electric Service
by Gulf Power Company.

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- LEG
- LIN
- OPC
- RCM
- SEC
- WAS
- OTH

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and 15
copies of the Brief of the Industrial Intervenors, an original and
15 copies of the Industrial Intervenors' Proposed Findings of Fact
and Conclusions of Law, and the original and 15 copies of the
Industrial Intervenors' Post-hearing Statement of Issues and
Positions, in the above docket. Also enclosed is a double-sided
high density 5.25 inch floppy disk containing the above listed
pleadings (titled BRIEF.; FACT.; P-H.STA) in WordPerfect 5.1 format
as prepared on a MS-DOS 3.30 based computer.

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

Yours truly,
Joe McGlothlin
Joseph A. McGlothlin

JAM/bam
Enclosures

Findings DOCUMENT NUMBER-DATE *Brief*
09078 SEP-1 1994
Statement DOCUMENT NUMBER-DATE
09077 SEP-1 1994

FPSC-RECORDS/REPORTING

Statement
DOCUMENT NUMBER-DATE
09076 SEP-1 1994
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

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

DOCKET NO. 931044-EI

FILED: September 1, 1994

INDUSTRIAL INTERVENORS'
PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

**Monsanto Company, Stone Container Corporation
and Champion International, Inc.**

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson & Bakas, P.A.
315 S. Calhoun Street, Suite 716
Tallahassee, Florida 32301
904/222-2525

John W. McWhirter, Jr.
McWhirter, Reeves, McGlothlin,
Davidson & Bakas, P.A.
Post Office Box 3350
Tampa, Florida 33601-3350
813/224-0866

Attorneys for the Industrial
Intervenors

DOCUMENT NUMBER-DATE

09078 SEP-18

FPSC-RECORDS/REPORTING

FOUR STAR BOND
SOUTHWORTH SO. U.S.A.
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: September 1, 1994

INDUSTRIAL INTERVENORS'
PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

**Monsanto Company, Stone Container Corporation
and Champion International, Inc.**

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson & Bakas, P.A.
315 S. Calhoun Street, Suite 716
Tallahassee, Florida 32301
904/222-2525

John W. McWhirter, Jr.
McWhirter, Reeves, McGlothlin,
Davidson & Bakas, P.A.
Post Office Box 3350
Tampa, Florida 33601-3350
813/224-0866

Attorneys for the Industrial
Intervenors

FOUR STAR BOND

SOUTHWORTH FL USA
25% TULION FIBER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 931044-EI

FILED: September 1, 1994

INDUSTRIAL INTERVENORS' PROPOSED
FINDINGS OF FACT AND CONCLUSIONS OF LAW

Monsanto Company, Stone Container Corporation, and Champion International Corporation, collectively the "Industrial Intervenors," pursuant to Rule 25-22.056(2), Florida Administrative Code, file the following Proposed Findings of Fact and Conclusions of Law.

PROPOSED FINDINGS OF FACT

Issue 4

1. Under Gulf Power's original standby rate customers were required to make subjective decisions concerning the portions of their consumption that consisted of standby power and supplementary power. (Tr. 82).
 2. Under Gulf Power's original standby rate, when a forced outage occurred customers had to know immediately the values for numerous dynamic plant conditions in order to determine whether it would be more economical for the customer to purchase standby power or curtail operations. (Tr. 32, 33).
 3. Under Gulf Power's original standby rate the interplay of the several rate components was such that a standby customer could be billed for more power than its maximum physical tie line capacity would enable it to receive. (Tr. 125).
- EDDY STAR BOND
SOUTHWORTH FL USA

Issue 1

4. Gulf Power and the Southern Company experience their highest peak demands during the summer months. Peak demands during the non-summer months are generally below 85% of the annual system peak. (Tr. 62, 64).

5. Under Gulf Power's original standby rate, the Daily Demand Charges were higher in the summer months than during the rest of the year.

6. Maintenance outages sometimes occurred at the time of Gulf Power's summer peak under the original standby rate, notwithstanding the seasonally differentiated demand charges of the old rate. (Tr. 147).

7. The reservation charge element of Gulf's original standby tariff which continues unchanged in the replacement tariff, fully recovered Gulf Power's cost of standing continuously ready to provide standby power to a cogeneration unit having a forced outage rate of 10%. (Tr. 126).

The standby customer must pay the reservation charge, irrespective of the type of standby service provided (i.e. backup or maintenance power). (Tr. 67).

8. Monsanto Company's cogeneration unit, which was placed in service after Gulf Power's last rate case, has experienced an availability of more than 98% during its first 11 months of operation. (Tr. 68).

9. Application of the 1987 billing determinants that were employed in Gulf's last rate case to the standby tariff yields

SOUTHWORTH CO. U.S.A.
2
25% COTTON FIBER

revenues that are less than the target revenue requirement established for the standby class in the last rate case by about \$300,000. (Tr. 255). The \$300,000 figure represents approximately 5% of the standby class' base revenues; 3% of the class' overall revenues; and less than 0.1% of Gulf Power's revenue requirement. (Tr. 255).

10. The variable cost of standby power sold by Gulf Power during CMM would be primarily a function of Gulf's fuel costs and the heat rate (efficiency) of Gulf's generating plants. (Tr. 26).

11. The variable cost of self-generation is primarily a function of the cogenerator's fuel cost and the heat rate of the cogenerator's permit. (Tr. 26).

12. In view of the relative efficiencies of the units, a cogenerator's cost of generation would be as little as half that of the utility if fuel costs were equal. (Tr. 28).

13. Approximately 70% of the fuel that Champion International burns in its cogeneration unit consists of by-products from its industrial process and is essentially free. (Tr. 327).

14. A cogeneration unit produces both electricity and thermal energy such as steam. The cogenerator needs both. (Tr. 26).

15. When the cogeneration unit is not operating, the cogenerator must produce steam through more expensive means. (Tr. 28).

16. A maintenance outage that occurs during a CMM is no more likely to impact capacity equalization payments than an outage that occurs during the summer. In 1992, a maintenance outage at the

time of the system peak in July would have had a more expensive impact in IIC payments than if the same maintenance outage occurred during the November peak. (Exhibit 4).

17. A maintenance outage that occurs during the summer peak is more likely to cause Gulf Power to require additional generating capacity than a maintenance outage that occurs during a coordinated maintenance month. (Tr. 71).

Issue 2

18. The availability of energy produced under the Gulf Power Supplemental Energy Rider (SE) is related to the surplus economical, base-loaded capacity on Southern's system. (Tr. 72).

19. Southern plans to install gas turbines in the future to meet projected load growth for at least the remainder of the decade. (Tr. 72).

20. In the past, the Southern system has had surplus baseload capacity. SE will not be available as often in the future. (Tr. 79).

PROPOSED CONCLUSIONS OF LAW

1. The Gulf Power replacement standby tariff is fair, reasonable, is based on the cost to serve, and does not discriminate against other customers, all within the meaning of Section 366.06 and 366.07, Florida Statutes.

2. Based on the evidence of record and the criteria of Chapter 366, Florida Statutes, Gulf Power's request to place its

25% COTTON FIBER

replacement standby tariff in effect on a permanent basis should be granted.

Joseph A. McGlothlin
Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson & Bakas, P.A.
315 S. Calhoun Street, Suite 716
Tallahassee, Florida 32301
904/222-2525

John W. McWhirter, Jr.
McWhirter, Reeves, McGlothlin,
Davidson & Bakas, P.A.
Post Office Box 3350
Tampa, Florida 33601-3350
813/224-0866

Attorneys for the Industrial
Intervenors

FOUR STAR BRAND

SOUTHWORTH CO. U.S.A.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Industrial Intervenor's Proposed Findings of Fact and Conclusions of Law has been furnished by U.S. Mail or by hand delivery* to the following parties of record, this 1st day of September, 1994.

Sheila Erstling*
Division of Legal Services
Florida Public Service
Commission
101 E. Gaines Street
Rm. 212, Fletcher Building
Tallahassee, FL 32399

G. Edison Holland, Jr.
Jeffrey A. Stone
Teresa E. Liles
Beggs and Lane
Post Office Box 12950
Pensacola, FL 32576-2950

Jack L. Haskins
Manager of Rates and
Regulatory Matters
Gulf Power Company
Post Office Box 13470
Pensacola, FL 32591-3470

Joseph A. McGlothlin
Joseph A. McGlothlin

FOUR STAR BOND
SOUTHWORTH CO. U.S.A.
25% COTTON FIBER