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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO 891345-EI

TESTIMONY AND EXHIBITS

OF

E. B. PARSONS, JR.

Gulf Power

GULF POWER COMPANY

Before the Florida Public Service Commission
Direct Testimony of
Earl B. Parsons, Jr.
In Support of Rate Relief
Docket No. 891345-EI
Date of Filing December 15, 1989

Q. Please state your name, address, and occupation.

A. My name is Earl B. Parsons, Jr., and my business address is 500 Bayfront Parkway, Pensacola, Florida 32501. I am Vice President-Power Generation and Transmission of Gulf Power Company.

Q. Please describe your educational and business background.

A. I graduated from Auburn University, Auburn, Alabama, in 1960 with a Bachelor of Electrical Engineering degree. I joined Georgia Power Company in January of 1961 as a Distribution Engineer. I held various engineering positions, such as Test Engineer, District Engineer, Senior Distribution Engineer, Division Engineer, and Assistant Division Superintendent. In 1972, I became Assistant to the Executive Vice President. In 1975, I was promoted to Assistant to the President. In 1977, I became Division Manager-Athens and held that position until I was elected Vice President at Gulf Power Company in

April of 1978.

Q. Have you previously testified before this Commission?

A. Yes. I have testified in Gulf's last four retail rate cases and a number of other dockets related to my responsibility at Gulf Power Company.

Q. Have you prepared an exhibit that contains information to which you will refer in your testimony?

A. Yes. Schedule 1 is an index to the subsequent schedules to which I will refer. Each schedule of this exhibit was prepared under my supervision and direction.

Counsel: We ask that Mr. Parsons' Exhibit, comprised of 15 Schedules, be marked for identification as Exhibit _____ (EBP-1).

Q. Are you the sponsor of certain Minimum Filing Requirements?

A. Yes. Those which I am sponsoring, in part or in whole, are listed on Schedule 15 at the end of my Exhibit. To the best of my knowledge, the information in these Minimum Filing Requirements (MFRs) is true and correct as it pertains to my areas of responsibility.

Q. What are your areas of responsibility within Gulf Power Company?

A. I have responsibility for the Power Generation, Fuel and Environmental Affairs, and Transmission and System Control functions at Gulf Power Company. This includes the generation and transmission of electricity; fuel supply; environmental services; and intercompany interchange contract administration. I also have overall responsibility for requesting and directing the assistance which Southern Company Services, Inc. (SCS) provides Gulf Power in these areas.

Q. What is the purpose of your testimony in this proceeding?

A. As stated by Mr. Scarbrough, the major factor creating the need for rate relief is that now all of Gulf's share of Plant Daniel capacity and 63 megawatts (mw) of Plant Scherer Unit 3 capacity are committed for territorial service. Prior to February, 1989, the bulk of this capacity was committed to and supported by our Unit Power Sales (UPS) contracts. In my Schedule 2, I provide the Commission with a detailed description of the changes in capacity commitments to UPS and to territorial service between 1984 and the

1990 test year. Included in the amount added to rate base is 44 mw of Scherer Unit No. 3 which were previously committed to Gulf States Utilities until July 1, 1988. It is the addition of all of this generating capacity and the associated Operation and Maintenance (O & M) expenses which are creating the major need for immediate rate relief. Despite the bargain which this capacity represents for our ratepayers, a utility the size of Gulf cannot add such large increments of capacity without requesting revenues to cover the investment and expenses.

The primary emphasis of my testimony will be to provide this Commission with a description of the Unit Power Sales concept and associated benefits, a discussion of our territorial customers' requirements for the generating capacity previously sold under UPS contracts, the bargain which this capacity represents to our customers, and the effect of this capacity on our rate base and O & M expenses.

Q. Mr. Parsons, have you reviewed the assumptions under your area of responsibility as listed in MFR F-17?

A. Yes. I have reviewed these assumptions and am of the opinion that they are reasonable. I am prepared to address the primary assumptions and forecasts as they

pertain to my areas of responsibility. I believe these assumptions have originated from the best sources and fields of expertise available to Gulf.

Q. Please explain the UPS concept.

A. During the rapid growth period of the 1960s and early 1970s, Gulf and the Southern electric system began construction on a number of coal-fired generating units to serve their existing load as well as future loads projected for the coming year. At that time, these generating units were all required to serve forecasted territorial load. During the 1970s, actual load growth and forecasts for the future dropped significantly for the entire electric utility industry as well as within the Southern electric system. Significant unanticipated decreases in wholesale loads also impacted the forecasted load growth. Because of the long lead times involved in building large base load units, the entire industry was facing a dilemma. Many utilities were well into the construction stage for a large number of generating units which would not be needed until significantly later in time.

Some utilities simply cancelled their units, resulting in hundreds of millions of dollars in losses

suffered by their customers and stockholders.

Other utilities with units further along in the construction stage decided to complete the units, resulting in temporary surplus capacity which again resulted in significant costs to both customers and stockholders.

The Southern system was fortunate in that it did not incur the magnitude of cancellation and excess capacity costs that plagued many utilities. Instead, through the UPS contracts, the Southern system sold capacity off its system to oil and gas burning utilities. This resulted in significant benefits to the customers and the stockholders of both the selling and the buying companies.

The concept of UPS provides for the return of generating capacity to the various companies on a prearranged schedule as it is needed by our own territorial customers. As this capacity returns to the Southern system on a scheduled basis, it is replaced by capacity from newer, more expensive units when construction is completed. Eventually, the original UPS contracts ramp down and terminate, and the generation capacity will be utilized to serve our territorial loads.

When the capacity returns for territorial use, its

book value on which rates are based will not only be significantly depreciated, but its book value will also be based on the lower construction commitment costs of the 1970s as opposed to those of the 1980s. Thus, our customers have the capacity available when it is needed to serve territorial loads at a significantly lower cost than otherwise would be possible. Newer UPS contracts which cover the period from 1993 to 2000 will be addressed by Mr. Howell.

Q. Were either of the units at Plant Daniel part of the UPS concept?

A. Yes. The units committed to UPS were New Source Performance Standard (NSPS) units being constructed on the Southern system. NSPS units are those on which construction started after 1970 when Environmental Protection Agency regulations required extremely low sulfur dioxide (SO_2) emissions, either through the burning of low sulfur coal or the use of flue gas desulfurization or scrubbers. The Daniel units were the first and third NSPS units in service and among the lowest in cost. Schedule 3 of my exhibit is a listing of all the NSPS Southern system units that became available for Unit Power Sales and their respective commercial operating dates. Gulf

Power acquired a 50 percent interest in both of the Daniel units at the time Unit 2 came on-line in 1981, for a total of 500 mw of nameplate capacity. Schedule 4 of my exhibit shows our expected reserves with and without our Daniel capacity expected on-line in 1981, as forecasted in March 1979.

During 1979-1980, the Organization of Petroleum Exporting Countries (OPEC) instituted the second series of oil price increases. This increase is illustrated in Schedule 5 of my exhibit, which clearly shows the sharp rise in oil prices that occurred starting in 1979. This caused a considerable slowing of economic growth throughout the United States, including the area served by the Southern electric system, and triggered among oil-burning utilities, such as those in Florida, a strong need to replace their oil-fired generation. We began negotiating UPS transactions with these companies in 1980 and were able to complete the contracts during 1981.

Q. Has the Florida Commission previously reviewed these contracts?

A. Yes. At the Conclusion of Gulf's 1982 rate case, in Order No. 11498 of Docket No. 820150-EU (CR), the

Commission stated that it had "...examined the UPS contract and the associated cost and allocation from all angles..." and concluded that our retail customers "...will benefit handsomely from the sales, in the sense that they will not have to support the capacity sold in a UPS transaction for the life of the contract but the capacity will be available to serve them when they need it in the future, at a relatively reduced price when compared with the cost of future construction." Also, at the conclusion of Gulf's 1981 rate case in Order No. 10557 of Docket No. 810136-EU, the Commission stated that "...the decisions involving the expansion of Gulf Power are based on the long-term best interests of Gulf's customers. The cost savings associated with Gulf's participation in Plant Daniel and Plant Scherer in lieu of Caryville are examples of Gulf's coordination with The Southern Company."

Q. What would Gulf's and Southern's reserves be in 1990 with and without the Unit Power Sales?

A. Shown on my Schedule 6 are both Gulf's and Southern's forecasted reserves in 1990 with and without the Unit Power Sales. I need to reemphasize that all of this capacity was planned and constructed to serve forecasted territorial load. If we had been unable

to temporarily sell this capacity off our system, our customers would have been called upon to support this investment and would now likely be paying much higher prices than the relatively low electricity cost which they currently experience. As you can see, with the Unit Power Sales, both Gulf and Southern are within a 20-25 percent reserve range used for planning purposes within the Southern electric system.

Q. Was this same situation experienced in prior years?

A. Yes. Schedule 7 shows the planned reserves for 1983 through 1990 for Gulf and Southern both with and without the Unit Power Sales. Also on this schedule are the peak month unit power sales which Gulf made in each of those years.

Q. How does Daniel's book cost compare with a new coal unit brought on-line in 1990?

A. Schedule 8 shows this relationship. Daniel will be utilized for territorial requirements during 1990 at an estimated depreciated cost of $265 per kilowatt (kw). Had we been required to construct new capacity with an initial in-service date of 1990, the estimated cost would have been $1120 per kw. In other words, building this capacity today would have

resulted in costs to our customers of about four times the book cost of Daniel capacity. More than any other relationship, this illustrates the significant value to our customers, not only of the Daniel capacity, but also of our system pooling and Unit Power Sales arrangements.

Q. How does Plant Scherer's Unit 3 book cost compare with a new coal unit brought on-line in 1990?

A. Schedule 8 also shows this relationship. During 1990, 63 mw of Scherer Unit 3 capacity will be available for territorial use at an estimated depreciated cost of $760 per kw. Once again, had we been required to construct new capacity with an initial in-service date of 1990, the estimated cost would have been $1120 per kw. Also, when the remainder of Plant Scherer's Unit 3 capacity is required for territorial use, it will be further depreciated for the same type of benefit relationship described earlier for Plant Daniel.

Once again, this illustrates the significant value to our customers not only of the Plant Scherer capacity, but also of our system pooling and Unit Power Sales arrangements.

Q. What is the effect of the inclusion of Daniel and Scherer capacity for territorial service?

A. The commitment of this capacity for Gulf's territorial service results in the inclusion of all of Gulf's portion of Daniel Units 1 and 2 and 63 mw of Scherer Unit 3 in our territorial rate base. This additional capacity will provide adequate reserves and is available to our territorial customers on an extremely economical basis. Unit Power Sales have been a major factor in delaying Gulf Power Company's request for rate relief since our 1984 filing. Schedule 9, which I am jointly sponsoring with Mr. Scarbrough, is a narrative explaining how the unit power sales have delayed the need for our territorial customers to support this capacity through additional revenue. As reflected on my Schedule 10, Gulf has been an active participant in the UPS agreements since they began in 1983 and our customers have reaped the benefits. In our previous rate case, Docket 840086-EI, we presented the Commission with the UPS schedule. That schedule indicated that eventually Gulf would have to return to the Commission to request rate relief to cover the costs associated with the capacity returning from UPS to territorial service. That time is now.

Q. Please briefly review Gulf's generation expansion planning process.

A. The need for generating capacity is driven by the electrical requirements of our customers after due consideration of demand-side alternatives. The principal factor we consider in determining the need for new generation facilities is the peak hour demand forecast. Utilities typically consider the demand forecast over a fifteen-year period or longer in planning new generation.

Gulf's long-range goal is to have economical, reliable generating capacity available for our territorial customers' needs. In order to meet the anticipated demand that often develops irregularly and in increments much smaller than the capacity of a large, efficient generating unit, and to realize the economies of scale inherent in large units, most electric utilities will construct "blocks" of generating capacity which are temporarily in excess of the requirements anticipated at the time the unit is initially brought on line. If the utility were to construct a block of generating capacity each year to satisfy only the annual increase in demand, these small blocks would be much higher in cost on a per unit basis and much lower in efficiency. Further,

the capacity must be planned years in advance and the planning must consider a multitude of technological and economic factors that are constantly changing.

In planning generating capacity additions, Gulf has certain advantages that greatly benefit its customers. Gulf, Alabama, Georgia, and Mississippi Power Companies, and Savannah Electric and Power Company comprise the Southern electric system, which operates as an integrated generation and transmission network over a four-state area. Coordinated planning with our Southern system affiliates along with the capacity equalization process of the Intercompany Interchange Contract (IIC) allows for the staggered construction of larger, more efficient generating units spread throughout the Southern electric system.

Q. Has the Commission previously recognized the savings associated with the purchase of the Scherer capacity?

A. Yes. In Gulf's 1980 rate case, Docket No. 800001-EU, and again in subsequent rate cases in Dockets No. 810136-EU, 820150-EU, and 840086-EI, the Commission allowed recovery and amortization of the Caryville cancellation charges on the basis of the savings to be realized through the purchase of Plant Scherer generating capacity.

Q. Would you please summarize the events leading to the cancellation of the plant at Caryville and the subsequent purchase of Scherer Unit 3 capacity?

A. Our October 1974 load forecast indicated Caryville Unit 1 could be deferred from 1979 to 1980. In October 1975, Gulf deferred Caryville Unit 1 for two additional years because of the availability of 500 mw of generating capacity at Plant Daniel. The purchase of Plant Daniel capacity was an excellent opportunity for Gulf Power Company to add generating capacity at considerable savings for its customers as was noted by the Commission in Docket No. 840086-EI.

Subsequently, Georgia Power Company determined that, due to declining load growth, it would have capacity available for sale at its Plant Scherer in the mid-1980s. Plant Scherer would consist of four 818 mw nameplate units. After informing the Commission of its intentions, Gulf Power Company began discussions with Georgia in 1978 regarding the possible purchase of capacity at Scherer. The potential for purchase enabled Gulf to evaluate the possibility of canceling Caryville Unit 1 because of the significant savings to be realized. Subsequently, the decision was made to cancel Caryville Unit 1 and to purchase a portion of the available Scherer

capacity.

Q. What amount of Plant Scherer capacity did Gulf Power Company originally plan to purchase from Georgia Power Company?

A. Scherer capacity from Units 1 through 4 was originally included in our budget prepared in late 1978. At that time, we planned to buy a total of 432 mw of capacity from 1985 to 1987.

Scherer Units 3 and 4 were subsequently deferred from 1985 and 1987, to 1987 and 1989, respectively; and Gulf slightly modified its planned participation from 13.3 percent of all four units to 25 percent each of only Scherer Units 3 and 4, representing a total of 404 mw of net generating capability.

Q. Did Gulf further revise its participation in Scherer?

A. Yes. Gulf Power Company revised its participation in Scherer in 1983 to exclude participation in Unit 4. The decision not to participate in Unit 4 was a result of continuing uncertainty with respect to future demand and the anticipated opportunity to meet demand increases through other supply options as well as demand side options. Changes in estimated future generation costs since that time have confirmed that

Gulf's next capacity needs could be better served by constructing additional peaking capacity as opposed to the purchase of additional base load capacity. Load growth has also been met by the extension of the estimated retirement dates of our existing units. Based on the study completed in early 1987, Gulf determined that it was more economical to extend the expected retirement date of its existing units rather than construct or purchase additional generation.

Q. How much Scherer capacity is Gulf requesting be included in its rate base?

A. Gulf's share of Plant Scherer Unit 3 is 25 percent, or 212 mw. Of this amount, 149 mw is presently dedicated to UPS; and we request that the remaining 63 mw be approved by the Commission as an addition to Gulf's rate base.

Q. Why should the 63 mw of Scherer capacity be included in the rate base?

A. When Gulf first came before this Commission in 1978 to review its proposal to share in Plant Scherer, the Commission agreed with us that there were significant benefits to be gained for our customers by our participation in Scherer rather than constructing

Caryville at that time. In addition to construction costs savings, our participation in UPS benefitted our own territorial customers, as well as customers of other utilities in Florida purchasing "coal-by-wire" as a substitute for oil-fired generation. The Commission encouraged us to proceed. We have reviewed with this Commission our plans to share in Plant Scherer in our last four rate cases, and in numerous other proceedings. Without exception, the Commission has agreed with us that investing in Plant Scherer was the prudent course. The Commission also continued to encourage us to make off-system sales to the maximum extent possible. We have done this. Despite these efforts, we have been unable to market 63 mw of Plant Scherer capacity that we are requesting be supported by our territorial customers for whom this capacity was built.

Q. Now that Plant Caryville has been cancelled, what will become of the Caryville site?

A Caryville is certified under the Power Plant Siting Act and remains one of the few suitable sites in Northwest Florida for a steam electric generating plant that is a viable location for future generation needs for Gulf Power and the Southern electric

system. Even though the two 500 mw units, certified in 1976 under Florida's Power Plant Siting Act, have been cancelled, the site remains certified for 3000 mw of capacity. With supplemental applications to state environmental agencies, the site can be utilized for coal-fired generation in the future. Gulf's customers will benefit by having a certified site ready for use when new generation is needed. The geological and other site work which was previously completed will be utilized when a unit is built in the future.

Therefore, Caryville is still a viable, certified site for future base load coal capacity in the Southern system. The Commission agreed with Caryville's inclusion in rate base as plant held for future use in Docket Nos. 800001-EI, 810136-EU, 820150-EU and 840086-EI. In Order No. 9628, the Commission supports this decision by stating, "We agree with the Company that its plans for the site are sufficiently definite to warrant its inclusion, and that to deny the request would be to the disadvantage of ratepayers in the long run." Inclusion of the Caryville site in rate base as plant held for future use is still a prudent decision by the Company and should be approved by this Commission. We feel that it is extremely important for this Commission to

continue to recognize the future value of this site to our customers. It is for this reason that we are holding this site in plant held for future use.

Q. Is the present property owned by Gulf Power Company at Caryville of a sufficient size to accommodate these long-range plans?

A. No. Changes in environmental regulations now require flue gas desulfurization (FGD) systems or scrubbers to be installed on any generating units constructed at the site. Additional space will be required for the scrubbers and also for disposal of the scrubber sludge. In addition, present plans would call for more economical 800 mw units with scrubbers to be utilized at the Caryville site, rather than 500 mw units. Because of the increased size of future base load coal units and the additional land required for scrubbers and their by-products, it is necessary that Gulf purchase additional land as it becomes available.

Q. Why is this additional land purchase important at this time?

A. Since the units are not needed immediately, Gulf can secure the available property as it comes on the market at a much lower price. If we were to wait

until the commencement of construction, condemnation proceedings may be necessary and the value of the land will probably be significantly higher. The extreme difficulty we would face in acquiring and certifying sites in the future makes it prudent to proceed with the purchase of additional property at Caryville as it comes on the market. Without the inclusion of the funds in our budget for buying the additional land, our customers will be subjected to expected higher costs of acquisition in the future. We feel the purchase of land for this site as it becomes available is a prudent action.

Q. You indicated that your areas of responsibility include Production and Transmission. How do Gulf's O & M expenses budgeted for 1990 in these areas compare to prior year 1989?

A. Within the Production area, Gulf's O & M expenses are projected to decrease by $26,098, or 0.05 percent, from 1989 to 1990. Transmission expenses increase by $1.0 million, or 17.0 percent, for this same period. An explanation for these variances can be found on Mr. Scarbrough's Schedule 1. This comparison and the explanation provided indicate that the overall variance for these areas for 1990 O & M expenses over

1989 is reasonable.

Q. Please summarize the 1990 O & M budget as it pertains to your areas of responsibility.

A. The total 1990 O & M budget, less fuel and purchased power, is $129.7 million. Of this amount, those functions under my responsibility have $60 million budgeted.

When Gulf came before this Commission in Docket No. 840086-EI, we stated that our 1984 budgeted projections were the level required for normal operations. In Order No. 14030, the Commission reduced the amount requested based on actual expenditures through July 1984 being under the budgeted level needed for normal operations, as well as other adjustments made relating to benchmark justifications. This further reduced the allowed O & M below the level needed for normal operations. Therefore, we do not believe that the level of O & M allowed in Order No. 14030 is an appropriate level to use for a base year. Using the more realistic 1983 O & M level allowed in Commission Order No. 11498 as the base, the Production and Transmission functions are under the benchmark by $2.8 million. This indicates that the use of the 1984 allowed O & M,

which we consider to be less than normal operations, requires a special justification of a larger portion of our 1990 O & M than would have been necessary had a normal level of O & M been used as the base year.

Q. Notwithstanding your expressed concerns, please compare Gulf's O & M expenses for 1990 to the benchmark level for each of your areas.

A. Shown on my Schedule 11 is the O & M Benchmark Comparison for those functions in my area of responsibility. The justifications for the variances are located in MFR C-57; however, I would like to provide further explanation for the Environmental and Southern Company Services Research and Development (R&D) and fuel related expenses of those variances. As noted on my Schedule 11, Mr. Colen Lee will address the remaining "Steam Production" and "Other Production" expenses, and Mr. Bill Howell will address "Transmission" and "Other Power Supply" expenses.

In the Production area, we are over the benchmark for research and development projects by $210,000. Each of the projects listed in MFR C-57 has been undertaken in an effort to maintain the lowest cost of service to our customers while striving to minimize our impact on the environment and to meet increasingly

stringent environmental regulations in the most efficient manner possible. These research and development projects reflect Gulf's commitment to continue developing and testing new technologies to meet that goal.

The costs related to the Electric Power Research Institute (EPRI) have also increased by $242,000 for the Production function. The 1990 budget includes payments to EPRI amounting to $1.6 million. Schedule 12 shows the 1990 budget for EPRI by its various divisions. EPRI is a non-profit organization dedicated to conducting research and development on behalf of the nation's electric utility industry. It is voluntarily funded by more than 600 utilities throughout the U.S. and includes investor-owned and publicly owned utilities and rural electric cooperatives. The benefits of EPRI projects are much greater at less cost from these national efforts than if Gulf privately funded its own research.

All members of the various EPRI committees, drawn from the operating companies of the Southern system, represent not only the individual operating companies but the entire Southern system. Gulf, if it were an isolated company, would not be able to receive the benefits of participation in the large number of EPRI

projects due to the commitment in funds and time required to serve on EPRI committees. Because it is a unit of the Southern electric system, Gulf receives the benefit of system monetary and time commitments made by the other operating companies and has its views made known to EPRI in a fashion that otherwise would not be possible.

Q. Is Gulf a host utility for any ongoing EPRI sponsored programs?

A. Yes. Gulf, in conjunction with Southern Company Services (SCS), is evaluating a 10 mw, high sulfur coal fabric filter baghouse for ash collection at Plant Scholz. The baghouse is an alternative to electrostatic precipitators which may be needed to comply with increasingly stringent particulate emission standards. The results of this research effort will be useful for future applications of baghouses nationwide.

Q. Are there any projects in which EPRI and Gulf or Southern are joint participants?

A. Yes. Gulf Power and The Southern Company have been awarded co-funding by the Federal Department of Energy (DOE) for demonstration projects under the

DOE's Innovative Clean Coal Technology Development Program. This program is designed to conduct research and pilot scale testing of new emission control technologies and other systems to improve the efficiencies of burning coal to generate electricity. Two of the four projects awarded to Southern are located at Gulf's facilities. These projects are co-funded by DOE, Southern, and EPRI. Southern will provide the technical expertise and leadership for the clean coal projects through its design, leadership, program development, and project management. EPRI, as a partner, will provide technical expertise, co-funding, and report distribution. Gulf, as a sponsor, will allow the projects to be implemented on existing boilers at Plant Crist and Plant Smith during the 1989-1992 time frame. In addition, Gulf will provide operations support for both projects, and construction management on the Crist project. Gulf, EPRI, and SCS have a definite role to play with no duplication of effort among the three partners.

EPRI's proposed research and development program includes expenditures which are spread over approximately 60 different strategic programs. Gulf Power Company or Southern Company Services could not

duplicate either the range of expenses of EPRI or the number of programs.

Q. Is there research that Gulf undertakes independent of EPRI?

A. Yes. Gulf, through the Florida Electric Power Coordinating Group (FCG) and Southern Company Services (SCS), conducts or sponsors research independent of EPRI that may be of more regional or local significance. Also, some projects may require a smaller scale than EPRI can efficiently undertake.

For example, Gulf Power Company, as a member of the FCG, participates in the funding of an acid deposition monitoring network in Florida. This program continues the monitoring of the Florida Acid Deposition Study which was completed in 1986. These efforts are designed to continually determine the impacts from acid rain, if any, on the environment of Florida. The monitoring network is in operation to determine any trends in the acidity of Florida's rainfall. The data obtained also complements the National Acid Precipitation Assessment Program (NAPAP) which is an assessment of the effect of acid deposition in the United States.

The FCG concentrates its efforts solely on the

State of Florida, its citizens, and its climate and has projected the effect of Florida's emissions on the northeastern area of the United States. The work accomplished by the FCG has been instrumental in demonstrating that Florida does not have an acid deposition problem. These efforts were isolated to Florida only, whereas, EPRI's work is nationwide.

Another example would be the Florida Seepage Lake Study. It has been widely known since the 1960s that Florida has a number of highly acidic lakes. That fact was supported by a 1986 survey of lake quality by the Environmental Protection Agency (EPA) that found Florida had the highest number of acidic lakes in the United States.

The FCG, EPA, and EPRI have joined with the United States Geological Survey (USGS) and the Florida Department of Environmental Regulation (DER) to address that concern. Three lakes are being studied: Lake Lucerne in Central Florida, Lake Barco in North Florida and Lake Five-O in Northwest Florida. Field work has begun and preliminary findings should be completed in time to contribute data to NAPAP.

Q. Mr. Parsons, do you feel that Gulf's level of

participation in research projects is appropriate and prudent?

A. Yes.

Q. How do budgeted expenses for Southern Company Services compare to the benchmark?

A. Southern Company Services (SCS) expenses are over the benchmark by $907,000 primarily because of new environmental and research programs which have been established since our 1984 filing. The Commission's first adjustment was based on annualizing the 1984 actual expenditures through July and comparing this level to the 1984 budget. The difference of $1.9 million was removed from the requested O & M level. On Schedule 13, a comparison has been made of the 1984 budget to the 1984 actual expenses. SCS charges were under budget by $1.1 million versus the $1.9 million reduction assessed by the Commission in Order No. 14030. Thus, the actual expenses in 1984 were $786,129 over the allowed amount. Approximately $339,000 of this amount was in the Production function. The remaining adjustment made by the Commission in Order No. 14030 was for production engineering expenses. MFR C-57 provides a detailed justification for the total variance in the

Production function.

Q. Why does Gulf utilize SCS for support services?

A. SCS provides Gulf with the most economical means of obtaining a portion of the expertise and manpower needed to fulfill our obligation of service to our customers. SCS staff members are available as an extension of Gulf's staff, on call as needed, and responsive to our needs. SCS is an in-house service organization within the Southern electric system that provides, at cost, a multitude of technical, scientific, financial, and advisory services to the operating members of The Southern Company. SCS staff members maintain complete files of work performed for the operating companies and may be contacted on a daily basis essentially as a part of our staff. The load ratio share of much of the expertise provided through SCS allows Gulf to minimize its costs through fewer employments of outside consultants who would require extensive briefing on the background of many issues; whereas, SCS, through its daily contact with Gulf, is familiar with these issues and our needs.

Q. You have stated that you utilize SCS for staff functions. Do you participate in their budget

development?

A. Yes. Each area of SCS submits copies of its preliminary budgets to Gulf for review and comment. If there are certain items or manpower requirements that do not appear reasonable, they are discussed with SCS and the other operating companies for clarification and adjustment to the budgets.

Q. Mr. Parsons, how do you determine and control the work of SCS?

A. Gulf prepares a written request to SCS for specific items that are needed. The Accounting Department of SCS then establishes a work order number. All costs of SCS relating to this work are charged to this work order number. The charges are transmitted to Gulf on a monthly basis and reviewed by the individual responsible for initiating the first request for this work. It is then reviewed and approved by the Director of that department prior to returning the voucher to Gulf's Accounting Department.

Mr. Lee and Mr. Howell will address the role of SCS as it relates to each of their departments.

Q. What coal stockpile level has Gulf been maintaining for its coal-fired generation?

A. Prior to 1984, our policy was to maintain a coal inventory level equal to a 60-day burn at full nameplate capacity. This meant that we planned to have enough coal on hand so that, in an emergency, our coal-fueled units could run the equivalent of 60 days loaded to full nameplate generating capacity. We periodically reviewed that policy and determined that 60 days nameplate burn was a prudent and necessary level.

During the 1980s, computer technology advanced to the point that coal stockpile models could be utilized to predict a desired inventory level. Gulf utilized an outside consultant during 1984 to perform a comprehensive study using these new analytical techniques. The study supported Gulf's coal inventory proposal in Docket 840086-EU. The Commission staff used outputs from the consultant's model with different inputs to evaluate our proposal. The result, which was explained in the Commission's Order No. 14030, resulted in an inventory level and equivalent working capital allowance for 108 days projected burn or 57 days nameplate. We accepted this lower inventory level as reasonable and adopted it as our policy.

Q. Has Gulf Power revised its policy relative to inventory level?

A. Yes. Gulf Power does an annual review of appropriate inventory levels. This review is conducted prior to beginning the budget process so that any change in desired inventory levels can be factored into the fuel budget.

Q. What resources were utilized in developing the inventory level?

A. The Electric Power Research Institute (EPRI) and the electric utility industry have been working on an acceptable computer inventory model to utilize in optimizing fuel inventories. The Utility Fuel Inventory Model (UFIM) was tested by a number of utilities, including Southern, and now is generally accepted by both the electric utility industry and many public service commissions as the state-of-the-art model in determining appropriate inventory levels.

The purpose of UFIM is to balance the cost of carrying a fuel stockpile against the probabilistic cost of load not being served should a utility run out of fuel. The cost of carrying a particular level of coal inventory is simply the carrying charges

associated with the investment in the coal pile. The model internally compares that cost with the estimated costs of running out of fuel and having to purchase emergency energy from some source outside the Southern electric system. The risk of running out of coal is related to the probabilities of supply disruptions or burn uncertainties.

UFIM considers such inputs as the fuel heating value, the plant heat rate, territorial energy supply uncertainty, supply constraints, and disruptions in supply or burn. These disruptions include probabilities associated with lock outages, frozen rivers, drought, other transportation risks, coal unloader failure, etc.

Q. Was a study of Gulf Power's coal inventory performed for the 1990 Fuel Budget?

A. Yes. The UFIM was run using the latest available burn forecast and updated assumptions. After reviewing the results of the study, a decision was made on a new inventory level policy.

Q. What is the new inventory level?

A. The new desired inventory level is 53 days at nameplate capacity burn or 105 days projected burn on

a system weighted average basis. Schedule 14 reflects the old and new inventory policy for each of Gulf's generating plants for the system.

Q. Based on this new policy, what is Gulf's forecasted 1990 inventory?

A. Our 13-month average coal inventory for 1990 is forecasted to be $57.4 million, representing approximately 1.0 million tons. A detailed calculation of the inventory is contained in MFR B-17a.

Q. What price was used to calculate the average inventory level for the 1990 Fuel Budget?

A. The prices used were compiled by the 1990 Fuel Budget. The Fuel Budget is developed using the Southern electric system Fuel Optimization and Evaluation System (FOES) model. The details and assumptions used in this model are described in MFRs F-9 and F-17. The model does an individual calculation of price for each contract using the actual escalation clauses and projected indexes. Prices of spot market coals are forecast from information developed at fuel price scenario seminars.

Q. Have you included in your request for working capital an amount for in-transit coal?

A. Yes. Under Gulf's coal procurement program, payment is required prior to receipt. Title and responsibility for the coal is Gulf's once the coal is loaded into the barge; therefore, Gulf has capital invested in coal which it has not received and is not included in its inventory. A calculation of the amount requested is included in MFR B-17a. Since a major portion of Gulf's coal supply is delivered by barge, considerable time is involved in transporting the coal to the plant sites. This investment in coal that is in transit has a significant effect on the Company's cash flow determination at any given time. For this reason, the in-transit coal amount should be included in the working capital component of Gulf's rate base.

Q. Please summarize your testimony.

A. The commitment of the Daniel and Scherer capacity for territorial service is the major factor creating Gulf's need for rate relief. Participation in off-system sales by Gulf provided revenues from temporarily surplus energy and capacity and the opportunity to purchase this low cost generation at a

savings to our customers. As provided by the UPS contracts, this capacity is now available to support our own territorial requirements. By returning this capacity to our rate base, we must also return all associated costs.

I have explained the variance between our 1989 and 1990 O & M expenses. I have provided additional justification on the O & M Benchmark variances for those areas under my responsibility.

Finally, I have presented to the Commission the basis for our desired coal stockpile level of 53 days at nameplate capacity burn or 105 days projected burn on a system average basis. Before I conclude, I would like to add that I am extremely proud of the effort which our employees have put forth to operate our system in an effective and efficient manner. We have demonstrated again that we are doing a good job in keeping our costs at the lowest reasonable level possible in providing reliable service to our retail customers. We will continue to operate our areas of responsibility in this manner.

Q. Does this conclude your testimony?

A. Yes.

AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF ESCAMBIA)

Before me the undersigned authority personally appeared Earl B. Parsons, Jr., who first being duly sworn, says that he is the witness named in the testimony to which the Affidavit is attached; that he prepared said testimony and any exhibits included therein on behalf of Gulf Power Company in support of its petition for an increase in rates and charges in Florida Public Service Commission Docket No. 891345-EI; and that the matters and things set forth herein are true to the best of his knowledge and belief.

Dated at Pensacola, Florida this 8 day of December, 1989.

Earl B. Parsons Jr.
Earl B. Parsons, Jr.

Sworn to and subscribed before me
this 8th day of December, 1989.

Carrie W. LeDoux
Notary Public
My Commission Expires September 6, 1991

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Schedule 1

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Summary of Daniel and Scherer UPS and Territorial*
Commitments 1984 - 1990
(Megawatts)

Year	Period	Daniel Rating	UPS Average	Net for Territorial	UPS End of Period
1984	Jan. - Dec.	511	241	270	239
1985	Jan. - Dec.	511	363	148	325
1986	Jan. - Dec.	511	426	85	426
1987	Jan. - Dec.	512	427	85	409
1988	Jan. - June	512	429	83	467
	July - Dec.	512	361	151	361
1989	January	514	362	152	362
	Feb. - Dec.	514	0	514	0
1990	Jan. - Dec.	515	0	515	0

Year	Period	Scherer Rating	UPS Average	Net for Territorial	UPS End of Period
1987	Jan. - Dec.	208	185	23	185
1988	Jan. - June	212	193	19	193
	July - Dec.	212	149	63	149
1989	Jan. - Dec.	212	149	63	149
1990	Jan. - Dec.	212	149	63	149

*Gulf Power's Share

UNIT POWER SALES
UNIT CAPACITY RATINGS AND COMMERCIAL OPERATION DATES

UNIT	COMMERCIAL OPERATION		Capacity Rating (MW) Net Dependable EXPECTED	1983	1984	1985	1986	1987	1988	1989	1990
Daniel 1	Actual	09-06-77	512	510.0	510.2	510.2	510.2	510.2	510.7	514.9	515.1
Daniel 2	Actual	06-01-81	506	510.0	510.8	510.9	512.2	512.8	512.9	513.6	514.3
Miller 1	Actual	10-12-78	666	* -	666.3	666.3	666.3	666.3	667.3	668.0	668.0
Miller 2	Actual	05-01-85	666	* -	-	666.3	666.3	666.3	667.4	671.3	671.3
Miller 3	Actual	05-01-85	666	* -	-	-	-	-	-	667.3	673.8
Miller 4	Estimated	05-01-91	666	* -	-	-	-	-	-	-	-
Scherer 1	Actual	03-19-82	808	815.1	835.8	834.6	845.1	840.6	845.2	839.0	844.3
Scherer 2	Actual	02-01-84	808	-	825.4	822.3	822.3	825.3	840.0	844.4	839.8
Scherer 3	Actual	01-01-87	808	-	-	-	-	833.2	848.7	848.1	848.7
Scherer 4	Actual	02-28-89	808	-	-	-	-	-	-	848.4	846.3

*Miller 1 was not included in UPS in 1983

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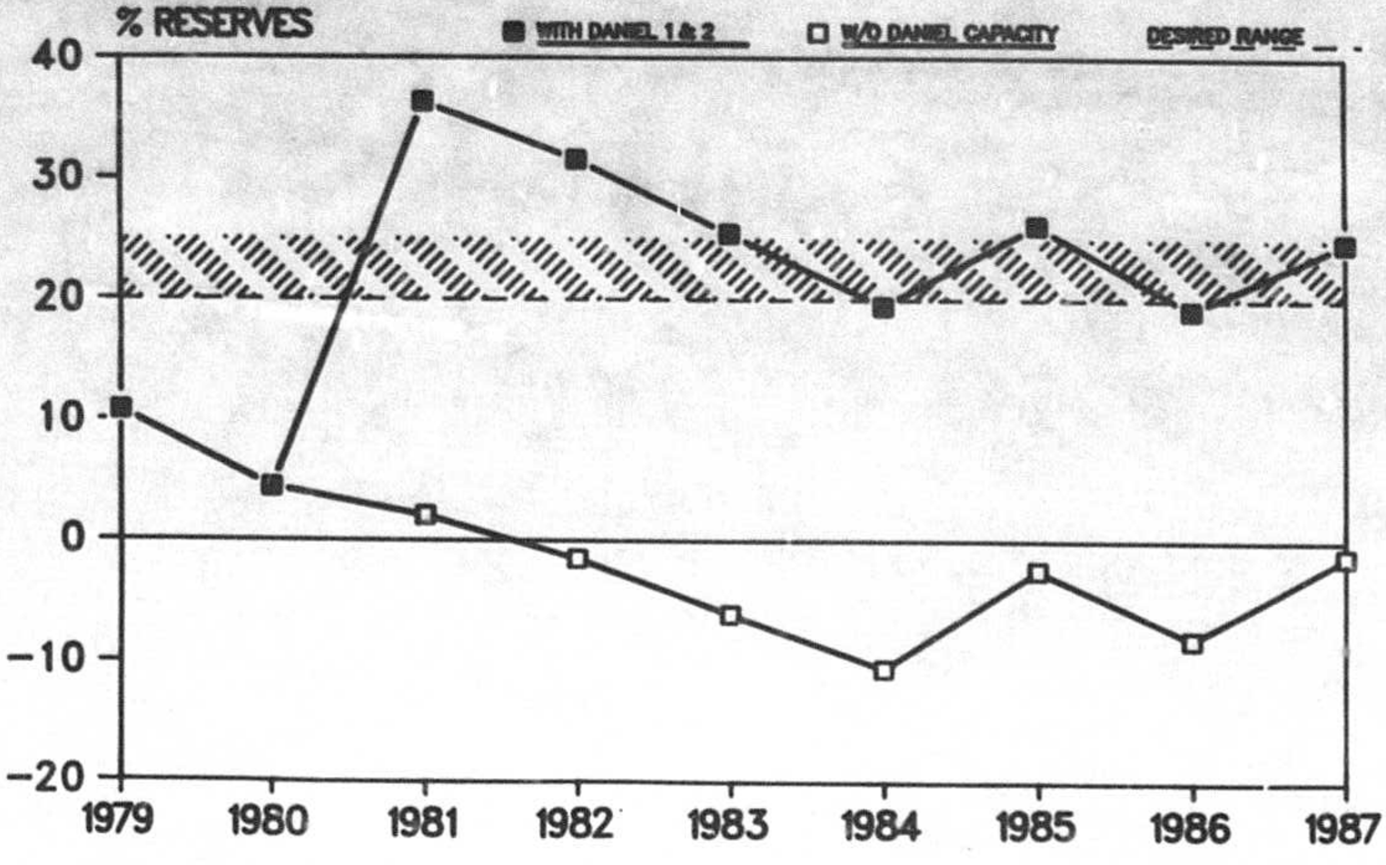
Schedule 4

MARCH 1979 GENERATION EXPANSION PLAN
GULF % RESERVES
WITH AND WITHOUT DANIEL CAPACITY*

	WITH DANIEL	WITHOUT DANIEL	DESIRED RANGE
1979	10.87	10.87	20-25
1980	4.51	4.51	20-25
1981	36.44	2.16	20-25
1982	31.60	-1.38	20-25
1983	25.58	-6.98	20-25
1984	19.58	-10.45	20-25
1985	25.29	-3.33	20-25
1986	19.27	-8.85	20-25
1987	24.0	-1.14	20-25



*216 MW SCHERER CAPACITY COMMON TO BOTH IN 1985 & 1987

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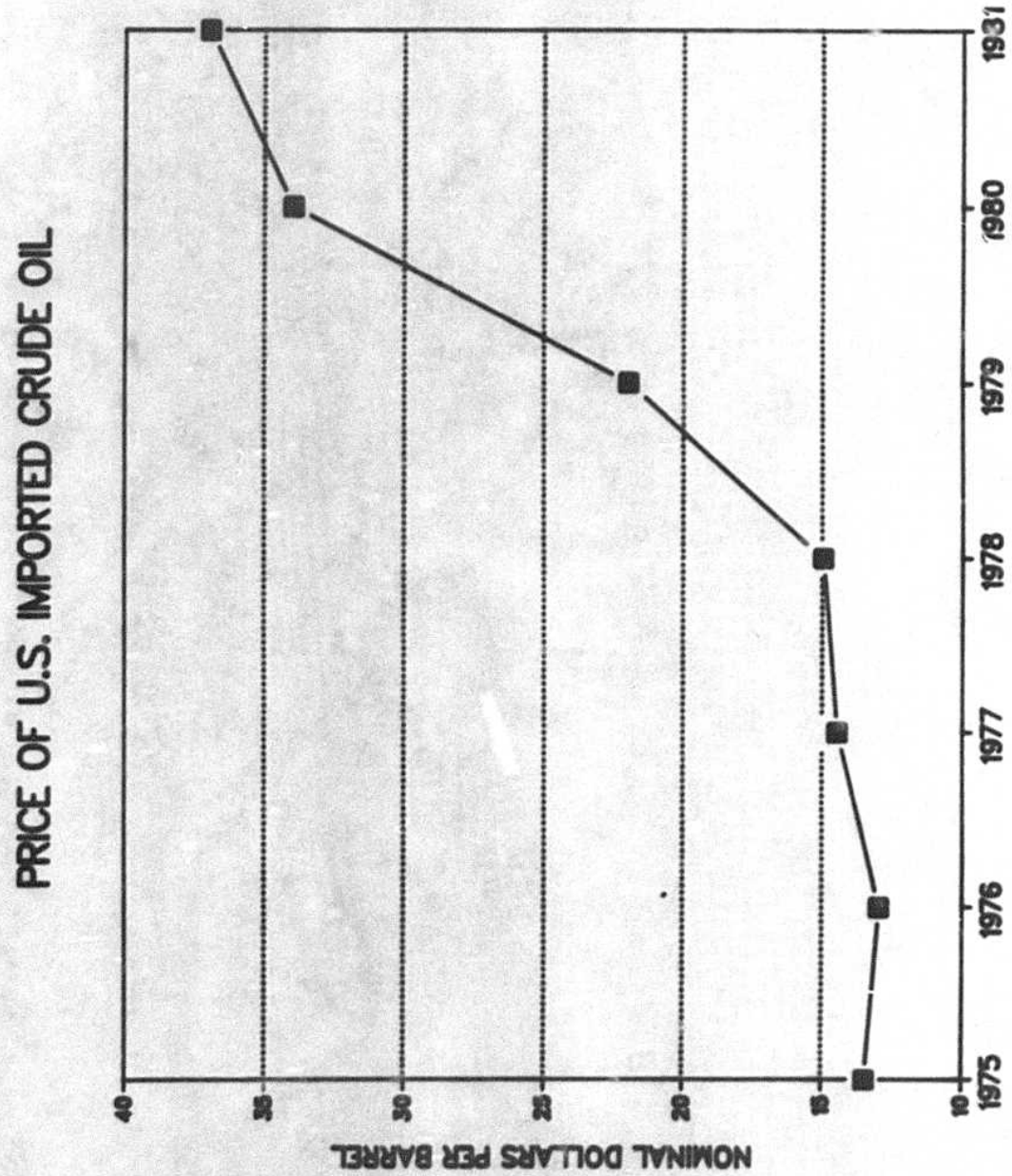

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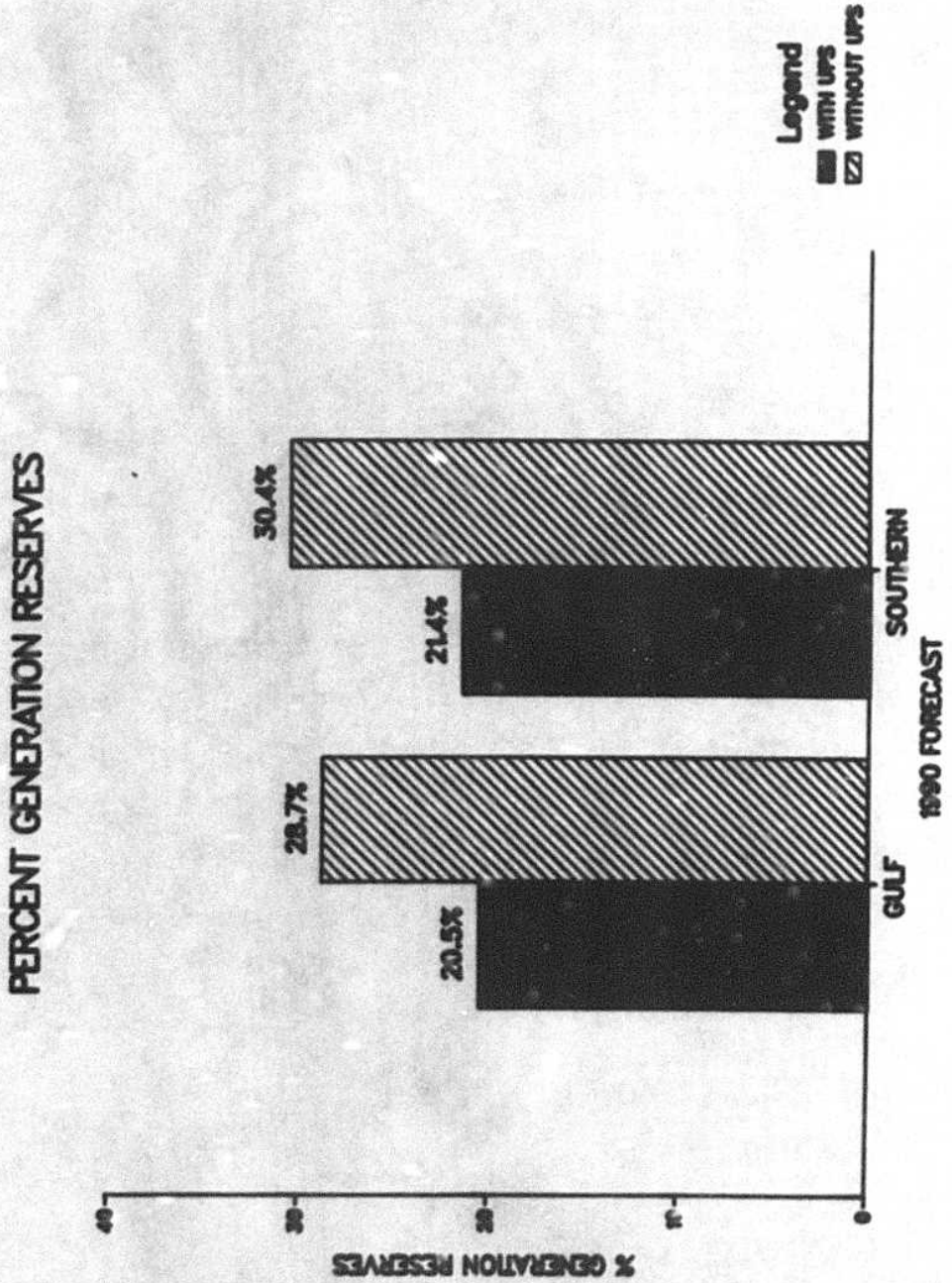

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Schedule 7

GULF AND SOUTHERN PLANNED RESERVES*
WITH AND WITHOUT UPS

% Reserves

	GULF		SOUTHERN		GULF
Year	With UPS	Without UPS	With UPS	Without UPS	Peak Month UPS Sales, MW
1983	39.5	57.5	36.1	39.2	239
1984	21.9	48.3	34.1	41.2	366
1985	25.5	48.5	25.5	36.4	325
1986	10.3	38.2	20.5	31.5	426
1987	6.5	43.2	20.9	33.9	594
1988	(0.8)	38.4	15.4	27.9	660
1989	23.9	32.3	25.0	34.3	149
1990	20.5	28.7	21.4	30.4	149

* Excludes Purchased Power

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UPS SUMMARY 1984 - 1989

Daniel and Scherer Capacity

UPS and Territorial Allocation

The key to understanding the effect of unit power sales on Gulf's need for rate relief lies in understanding the changes which occurred between 1984 and 1988, and 1988 and 1990. On the accompanying Figure 1 is shown what the original contracts envisioned for 1984, 1988, 1989, and 1990 unit power sales. Also shown for 1988 through 1990 are the sales after the Gulf States default.

In the mid 1970s, Gulf committed to purchase a 50% interest in the Daniel capacity. In 1981, upon the completion of Unit 2, the over 500 MW of Gulf's share of the Daniel capacity was committed to service. That same year, Gulf also finalized negotiations for future UPS transactions which started in 1983. Gulf's 50 percent share of Daniel in 1984 was 511 mw. The units' annual demonstrated capacities change from year-to-year and Gulf's portion has increased to 515 mw for 1990. Scherer Unit 3 came on line in 1987, and Gulf's 25 percent share

was rated at 208 mw for 1987, and 212 mw for 1988 through 1990. Thus, the total capacity of Gulf's NSPS units began at approximately 511 mw, increased to 720 mw in 1987 with the addition of Scherer 3 (512 mw Daniel + 208 mw Scherer), and is expected to be 727 mw (515 mw Daniel + 212 mw Scherer) for 1990, based on the latest demonstrated capability of the units. Once a unit reaches commercial operation, its rating for the following year is based on demonstrated performance for the prior year, and it is normal for a unit rating to vary a few megawatts, either up or down, from year-to-year.

During Gulf's 1984 test year, Gulf's NSPS capacity committed in the peak months to unit power sales was 239 mw. The remaining 272 mw of Gulf's NSPS capacity was committed to territorial service. This information, as well as the Company's future estimates of unit power sales, was thoroughly reviewed with the Commission during the 1984 rate hearing. The 1989 commitment to territorial service of all the Daniel capacity and a small portion of the Scherer capacity was clearly presented during our 1984 rate case. In 1984, Gulf anticipated the need for

significant additional rate relief in the 1989 - 1990 time frame.

From 1984 through 1988, increasing amounts of the Daniel capacity which had been used for territorial customers was committed to unit power sales and sold at incremental cost. To replace this capacity Gulf purchased from the pool at average embedded cost. Thus, Gulf's customers still had needed capacity and associated reliability available to them, but at a much lower cost. The Unit Power Sales increased overall revenues to Gulf which along with productivity and efficiency improvements, partially offset the many cost increases that Gulf experienced in other operations of the business during this period of time. The net effect was that Gulf was able to continue providing adequate and reliable electric service during the entire period of increasing costs without any additional rate relief.

The capacity revenues Gulf received through UPS from 1984-1988 essentially were an off-set against the revenue required to support this capacity that otherwise would

have been the responsibility of Gulf's territorial customers. UPS capacity revenues Gulf received for Plant Daniel in 1985, 1986 and 1987 were $38,029,000, $43,569,000 and $40,036,000, respectively. The capacity revenues received for Plant Daniel for 1988 were $33,249,000.

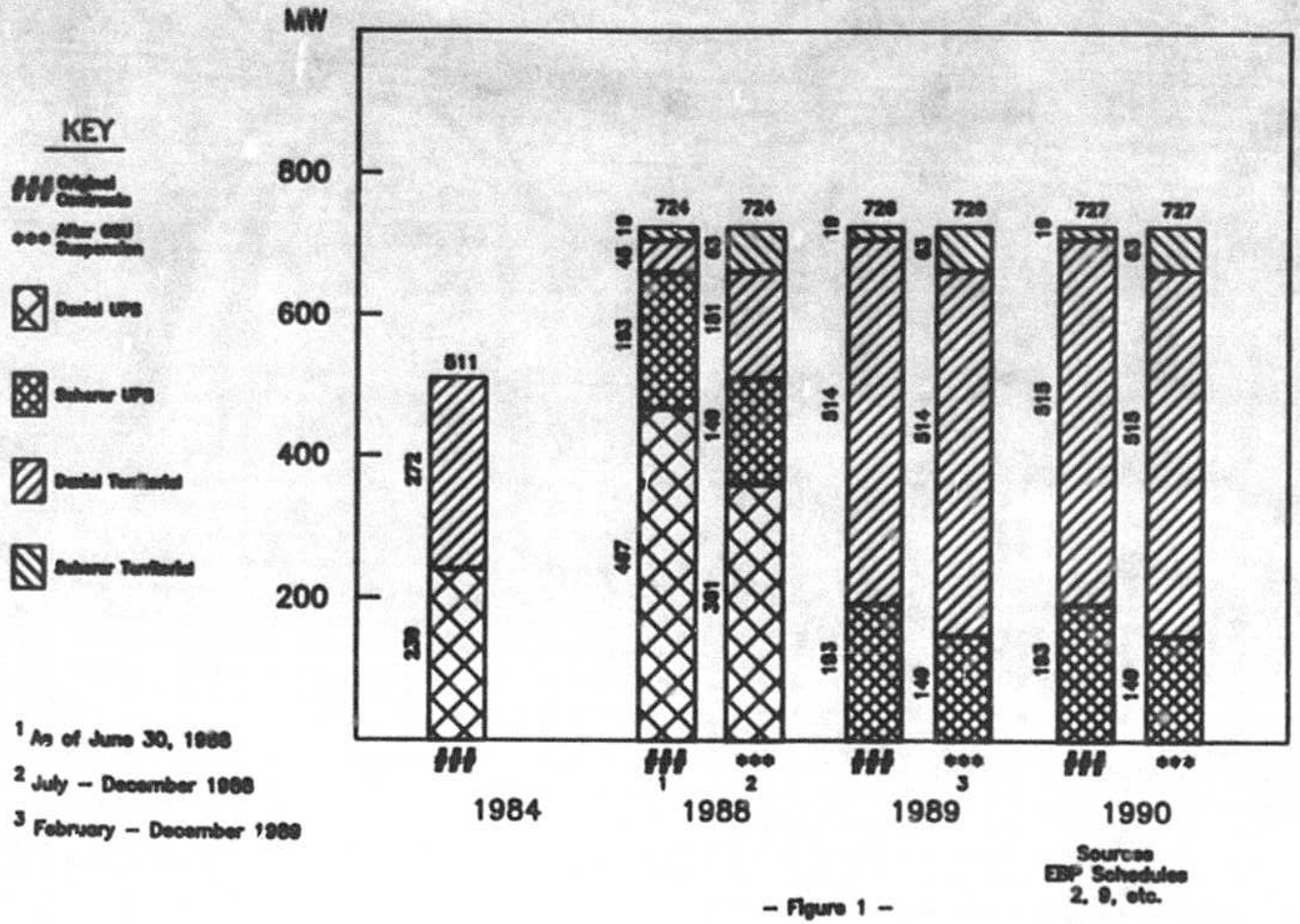
As specified in the contracts, all of the Daniel capacity was committed for territorial use beginning in February, 1989. Since this generating capacity was planned and constructed for our territorial customers the cost increases that Gulf has been able to offset since 1984 through increased unit power sale revenues must now be properly borne by those territorial customers for whose benefit these costs have been incurred.

In accordance with the original UPS contract, Gulf's portion of UPS out of Plant Daniel in June, 1988 was 467 mw. In February, 1989 Gulf had no UPS out of Plant Daniel. Therefore, Gulf's territorial capacity from Plant Daniel has increased by 467 mw during that period. When added to the 44 mw of Scherer Unit 3 capacity which was

committed to territorial service on July 1, 1988 in conjunction with the Gulf States default there is a total of 511 additional mw committed to territorial service (467 mw Daniel and 44mw Scherer) between July 1, 1988 and the beginning of the test year, January 1, 1990.

All of this capacity was planned and constructed for the long-term benefit of the territorial customer; not for the purpose of making permanent unit power sales. The customer has received tremendous benefits from this arrangement, as evidenced by no base rate increases on Gulf's system since 1984, and the fact that Gulf's rates are the lowest investor-owned utility rates in Florida and among the lowest in the nation. Since the cost for this capacity is the proper responsibility of the territorial customer, Gulf has included the associated cost in the rate base requested in this case.

UPS SUMMARY
Daniel and Scherer Capacity
UPS and Territorial Allocation



[1] As of June 30, 1988

[2] July – December 1988

[3] February – December 1989

Sources
EBP Schedules
2, 9, etc.

– Figure 1 –

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SOUTHERN ELECTRIC SYSTEM
TOTAL UNIT POWER SALES ALLOCATED TO UNITS
(MW)

		ALABAMA					GEORGIA							GULF					MISSISSIPPI			
Year	Period	MIL 1	MIL 2	MIL 3	MIL 4	ALA TOT	SCH1 0.4	SCH1 BB	SCH2 0.4	SCH2 BB	SCH3 75.	SCH4 100	GPC TOT	DAN1 50.	DAN2 50.	SCH3 25.		GULF TOT	DAN1 50.	DAN2 50.	MISS TOT	SYS TOT
1983	Jan. - May	-	-	-	-	-	68	347	-	-	-	-	415	119	120	-	-	239	-	-	-	654
	June - Dec.	-	-	-	-	-	68	347	-	-	-	-	415	119	120	-	-	239	-	-	-	654
1984	January	100	-	-	-	100	70	527	-	-	-	-	597	135	138	-	-	273	-	-	-	970
	Feb. - May	100	-	-	-	100	70	197	69	295	-	-	631	117	119	-	-	236	-	-	-	967
	Jun. - Dec.	129	-	-	-	129	46	176	45	244	-	-	511	118	121	-	-	239	42	43	85	964
1985	Jan. - Apr.	639	-	-	-	639	86	507	86	641	-	-	1280	209	206	-	-	415	48	48	96	2430
	May	639	-	-	-	639	86	507	86	641	-	-	1280	209	206	-	-	415	48	48	96	2430
	Jun. - Dec.	498	533	-	-	1031	56	382	56	494	-	-	988	164	161	-	-	325	39	40	79	2423
1986	Jan. - May	407	555	-	-	962	60	380	58	502	-	-	1000	212	214	-	-	426	75	76	151	2539
	Jun. - Dec.	487	555	-	-	1042	60	339	58	461	-	-	918	212	214	-	-	426	75	76	151	2537
1987	January	405	590	-	-	995	62	335	61	462	554	-	1474	225	227	185	-	637	-	45	45	3151
1987	Feb. - May	405	590	-	-	995	62	335	61	462	554	-	1474	225	227	185	-	637	-	45	45	3151
1987	Jun. - Dec.	535	590	-	-	1125	62	291	61	418	553	-	1385	205	204	185	-	594	-	45	45	3149
1988	Jan. - May	506	608	-	-	1114	65	278	65	414	581	-	1403	211	210	193	-	614	-	46	46	3177
	June	547	608	-	-	1155	65	231	65	369	581	-	1311	233	234	193	-	660	-	46	46	3172
	Jul. - Dec.	424	471	-	-	895	50	179	50	286	450	-	1015	180	181	149	-	510	-	36	36	2456
1989	January	459	474	-	-	933	50	161	50	268	450	-	979	181	181	149	-	511	-	36	36	2459
	Feb.	606	474	-	-	1080	70	227	71	381	493	-	1242	-	-	163	-	163	-	-	-	2485
	Mar. - Apr.	282	474	-	-	756	50	161	50	270	450	599	1580	-	-	149	-	149	-	-	-	2485
	May	-	283	471	-	754	50	161	50	270	450	599	1580	-	-	149	-	149	-	-	-	2483
	Jun. - Dec.	-	352	471	-	823	50	125	50	234	450	599	1508	-	-	149	-	149	-	-	-	2480
1990	Jan. - May	-	389	476	-	865	50	109	50	213	450	598	1470	-	-	149	-	149	-	-	-	2484
	Jun. - Dec.	-	458	476	-	934	50	73	50	178	450	598	1398	-	-	149	-	149	-	-	-	2482
1991	Jan. - Apr.	18	474	476	-	968	50	53	50	161	450	598	1362	-	-	149	-	149	-	-	-	2479
	May	-	18	476	470	964	50	53	50	161	450	598	1362	-	-	149	-	149	-	-	-	2475
	Jun. - Dec.	-	87	476	470	1033	50	19	50	125	450	598	1292	-	-	149	-	149	-	-	-	2474
1992	Jan. - May	-	121	476	470	1067	50	-	50	108	450	598	1256	-	-	149		149	-	-	-	2472
	Jun. - Dec.	-	-	-	666	666	71	-	70	74	601	799	1615	-	-	201		201	-	-	-	2482
1993	Jan. - May	-	-	-	666	666	-	-	-	-	525	698	1223	-	-	175		175	-	-	-	2064
	Jun. - Dec.	101	101	101	666	968	-	-	-	-	164	280	444	-	-	196		196	-	-	-	1608
1994	Jan. - May	167	167	169	666	1169	-	-	-	-	164	280	444	-	-	195		195	-	-	-	1808
	Jun. - Dec.	164	162	162	497	985	-	-	-	-	121	140	261	-	-	177		177	-	-	-	1423
1995	Jan. - May	213	214	214	546	1187	-	-	-	-	121	140	261	-	-	177		177	-	-	-	1625
(1)	Jun. - Dec.	301	302	303	300	1206	-	-	-	-	103	-	103	-	-	212		212	-	-	-	1521

All values for 1990 through 2010 have been adjusted to reflect 1990 IIC Ratings.

(1) The sales shown 1995, June thru December, also continue unchanged through May 31, 2010.

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O & M BENCHMARK COMPARISON BY FUNCTION
LESS DIRECT FUEL AND PURCHASED POWER
($000)

	1984 Allowed	1990 Benchmark	1990 Budget	Benchmark Variance	Witness
Steam Production	36,167	47,050	51,547	4,497	Parsons Lee
Other Production	81	101	47	(54)	Lee
Other Power Supply	1,020	1,272	1,143	(129)	Howell
Total Production	37,268	48,423	52,737	4,314	
Trans. Line Rentals	962	3,551	3,017	(534)	Howell
Other Transmission	2,388	3,603	4,280	677	Howell
Total Transmission	3,350	7,154	7,297	143	

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EPRI TOTAL 1990 PLANNED EXPENDITURE BUDGET

Strategic Program	1990 ($ Million)
Customer Systems	35.0
Environment	81.1
Generation	117.2
Delivery	40.2
Planning	15.0
Special Projects	0.5
Total 1990 Budget	$ 289.0
Gulf's Contribution	$ 1.6

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COMPARISON OF 1984 ACTUAL BUDGET DEVIATION FOR SCS
TO THE FPSC ADJUSTMENT IN ORDER NO. 14030

Function	1984 Actual	1984 Budget	Variance	FPSC Adjustment	Difference
Production - Steam	$1,863,350	$1,782,473	$ 80,877	$ (258,000)	$338,877
Other Power Supply	1,002,127	1,023,535	(21,408)	---	(21,408)
Transmission	195,337	214,347	(19,010)	(29,000)	9,990
Distribution	73,700	105,043	(31,343)	(15,000)	(16,343)
Customer Accounts	2,178,670	2,121,600	57,070	---	57,070
Customer Service & Information	319,921	56,700	263,221	---	263,221
Sales	---	---	---	---	---
Administrative & General	6,623,089	8,016,367	(1,393,278)	(1,548,000)	154,722
TOTAL	$12,256,194	$13,320,065	$(1,063,871)	$(1,850,000)	$786,129

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COAL INVENTORY LEVEL POLICY

	Past Policy			Present Policy		
Plant	Inventory Tons	(1) Nameplate Burn Days	(2) Projected Burn Days	Inventory Tons	(1) Nameplate Burn Days	(2) Projected Burn Days
Crist	579,000	58	100	595,000	61	117
Smith	238,000	72	94	157,000	48	65
Scholz	43,000	47	54	36,000	41	57
Daniel	226,000	49	161	206,000	45	136
Scherer	106,000	57	207	86,000	47	133
TOTAL*	1,192,000	57	108	1,080,000	53	105

* Total Tons or Weighted Average Days

NOTES:

1. Equivalent days that the coal-fired units at that plant can generate at full manufacturer's assigned (nameplate) capacity rating, burning the policy inventory.

2. Number of days that the coal-fired units at that plant can generate based on the projected daily average burn in the 1990 Fuel Budget divided into the policy inventory.

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RESPONSIBILITY FOR
MINIMUM FILING REQUIREMENTS

SCHEDULE	TITLE
A-8	Five Year Analysis - Change in Cost
A-13	Affiliated Company Relationships
B-12a	Property Held For Future Use - 13 Month Average
B-12b	Property Held For Future Use - Monthly Balances
B-12c	Property Held For Future Use - Details
B-17a	System Fuel Inventory
B-17b	Fuel Inventory by Plant
B-19	Accounts Payable -- Fuel
C-8	Report of Operation Compared to Forecast - Revenues and Expenses
C-12	Budgeted Versus Actual Operating Revenues and Expenses
C-19	Budget Operation and Maintenance Expenses - Test Year
C-20	Operation and Maintenance Expenses - Prior Year
C-21	Detail of Changes in Expenses
C-57	O & M Benchmark Variance by Function
C-61	Performance Indices
F-9	Forecasting Models
F-17	Assumptions