

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
MAY 15 2 23 PM '90

UNITED STATES
MAIL ROOM

PRE-HEARING STATEMENT OF THE FEA
RATE BASE

1. ISSUE: Gulf Power has proposed a rate base of \$923,562,000 (\$946,840,000 System) for the test year. What is the appropriate level of rate base for 1990?

FEA: The FEA takes the same position as the Office of the Public Counsel.

The FEA will present no witnesses on this issue and has no known exhibits at this time but may pursue cross-examination of the company's witnesses and other parties.

26. ISSUE: Should 63MW of Plant Scherer 3 be included in Gulf Power's rate base?

FEA: No. Gulf Power has a reserve margin of 20.5 percent of test year 1990 without the addition of the Scherer and Daniel Plants. Gulf Power has made on-going, but unsuccessful attempts to sell the 63 MW of Scherer capacity which indicates the plant is not currently necessary.

The FEA will present no witnesses and has no known exhibits at this time, but will pursue cross-examination.

35. ISSUE: What is appropriate cost of common equity capital for Gulf Power?

FEA: The FEA takes the same position as the office of the Public Counsel.

ACK 4
APA 3 No witness, no exhibits, may pursue cross.

APP 36. ISSUE: Should the newly authorized return on common equity be reduced if it is determined that Gulf Power has been mismanaged?

CFR _____ FEA: Yes.

CIR _____ The FEA has no witnesses and no known exhibits at this time, but will pursue cross-examination.

COST OF SERVICE AND RATE DESIGN

117. ISSUE: If a revenue increase is granted, how should it be allocated among customer classes?

REC _____
SEC 1
WAS _____
OTH _____

DOCUMENT NUMBER DATE

04202 MAY 15 1990

750-RECORDS/REPORTING

FEA: Gulf Power's class cost-of-service study overstates the cost of serving the LP/LPT class. The commission should increase rates for the LP/LPT and PXT by the same percentage, i.e., 8.48 percent. If the commission awards Gulf Power a smaller amount of revenue than this percentage should be decreased accordingly.

Witness: Charles Johnson, Exhibit (CEJ-1)

125. ISSUE: The company currently gives transformer ownership discounts for \$.25 per KW for customers taking service at primary voltage and \$.70 per KW for customers taking service at transmission levels. Is the current level of discounts appropriate?

FEA: No. The discount for customers taking service at primary voltage should be raised from \$.25 per KW to \$.70 per KW for primary level LPT customers. The discount for customers taking service at transmission levels should be raised from \$.70 per KW to \$1.35 per KW for transmission level LPT customers.

Witness: Charles Johnson, Exhibits (CEJ-2), (CEJ-3), (CEJ-4)

128. ISSUE: All General Service Demand Rate Schedules (GSD, GSDT, LP, PX, and PXT) except Standby Service (SS) and Interruptible Standby Service (ISS) provide for transformer ownership and metering discounts. The company has proposed providing metering discounts only for standby service rate schedules. Should the SS and ISS rate schedules have provisions for both transformer ownership and metering voltage discounts? If so, should the level of the transformer ownership discount and metering voltage discount for SS and ISS be set equal to the otherwise applicable rate schedule?

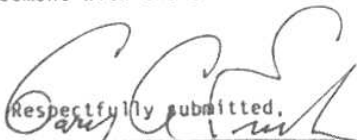
FEA: Customers who own and maintain their transformers enable Gulf Power to avoid the cost of installing and maintaining this equipment. The metering energy discount for the LP/LPT primary voltage should be increased from 1 percent to 4 percent. The metering energy discount for the LP/LPT transmission voltage schedule discount should be increased from 2 percent to 6 percent

Witness: Charles Johnson, Exhibit (CEJ-3)

146. ISSUE: Should LP customer who have demands in excess of 7500 KW but annual load factor of less than 75 percent be allowed to opt for the PXT rate?

FEA: The FEA is in general agreement with the staff.

No witnesses, no exhibits.

Respectfully submitted,

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Certificate of Service
Docket No. 891345-EI

I hereby certify that a true copy of the FEA's pre-hearing statement were served on the following by US Mail this 14 day of May 1990.

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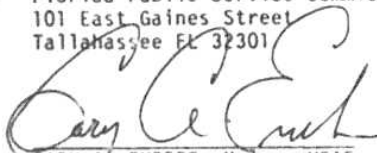
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