

B. All Known Exhibits:

Mr. Pollock will sponsor what has been labeled as Exhibit JP-1, which consists of 17 separate schedules. In addition, Mr. Pollock will sponsor three Appendices to his testimony, which have been identified as Appendix A, Appendix B and Appendix C. Intervenors suggest that JP-1 could be referred to on a composite basis; however, they have no objection to identifying each schedule with a separate exhibit number.

The exhibits of Mr. Pollock may be identified in greater detail as follows:

1. Exhibit JP-1

Schedule 1	Test Year System Load Duration Curve and Monthly System Peak Demands
Schedule 2	Per Unit Capital Costs v. Per Unit Operating Costs, Gulf's Refined Equivalent Peaker Method
Schedule 3	Comparison of Outage Rates, Coal-Fired Base Load and Peaking Technologies
Schedule 4	Classification of Production Plant, REP Method, Reflecting Different Forced Outage Rates
Schedule 5	Monthly Peak Demands as a Percent of the Annual System Peak (Gulf Power)
Schedule 6	Monthly Peak Demands as a Percent of the Annual System Peak (Southern Company)
Schedule 7	Monthly Reserve Margins, Percent of Peak Demand (Southern Company)
Schedule 8	Derivation of Near Coincident Peak Demand Allocation Factors
Schedule 9	Impact of Load Shift on the 12 CP Allocation Factors
Schedule 10	Classification of Rate Base

Schedule 11	Near Peak Demand Cost of Service Study
Schedule 12	Fuel Symmetry Adjustment, Corrected REP Method
Schedule 13	Corrected Refined Equivalent Peaker Cost of Service Study
Schedule 14	Gulf's Proposed Distribution of Increase Without Migration
Schedule 15	Summary of Cost of Service Results, Near Peak Method
Schedule 16	Industrial Intervenors' Recommended Distribution of increase
Schedule 17	Comparison of Cost-of-Service Results at Present and Recommended Rates: Near Peak Method
Appendix A	Qualifications of Jeffry Pollock
Appendix B	Cost of Service Determination Procedures
Appendix C	Illustrations of Conceptual Flaws with Equivalent Peaker and Refined Equivalent Peaker Methods

Mr. Kislak will sponsor an exhibit (TK-Exhibit 1) consisting of the following identified subparts:

Table I	Overview of Pulp and Papermaking Process
Table II	Generator Ratings: Effects of Ambient Temperature
Table III	Effect of Process Descriptions on Steam and Electric Use and Cogeneration

C. Statement of Basic Position:

The revenue requirements allocated to a particular class of customers should be based upon the costs which that class imposes on the utility system, as measured by an appropriate cost of service study.

D. Questions of Fact and Policy, and Statement of Position:

The Staff and parties have identified the following questions of fact and policy. They will be numbered here as they appear in the Staff's most recent draft prehearing statement. Issues which are additional to those contained in the Staff's draft will be so identified.

112. ISSUE: Are the company's estimated revenues for sales of electricity based upon reasonable estimates of customers, KW and KWH billing determinants by rate class?

INDUSTRIAL INTERVENORS: No position at this time.

113. ISSUE: The present and proposed revenues for 1989 are calculated using a correction factor. Is this appropriate?

INDUSTRIAL INTERVENORS: No position at this time.

114. ISSUE: What is the appropriate cost of service methodology to be used in designing the rates of Gulf Power Company?

INDUSTRIAL INTERVENORS: With respect to the allocation of production plant among customer classes within the cost of service study, the principle of cost causation is best measured and implemented for Gulf Power Company by Jeffrey Pollock's "near peak" method of gauging the classes' contributions to summer peak demands. By sampling demands during all hours in which the system is within 5% of a peak, this method provides a representative measurement of classes' responsibilities, overcoming a criticism of other CP methods which measure only a few hours. The method also appropriately assigns an identical "mix" of generation resources to each customer class. It would be possible to arrive at an alternative methodology designed to mirror the utility's generation planning process. However, the simplistic "equivalent peaker" approach would distort cost relationships by failing to emulate the decision process followed by planners; by failing to account for the effect on reliability of the high forced outage rates of peaking units; and by failing to recognize in the form of adjustments to operating costs the very trade-off between capital and operating costs upon which the method purportedly is based. The refined equivalent peaker (REP)

developed during the pendency of the most recent (settled) Florida Power Corporation case overcomes the first of these deficiencies; and the adjustments needed to correct for the others are necessary and possible.

(Additional issue to be included in this section of the prehearing order)

ISSUE: How should distribution costs be treated within the cost of service study?

INDUSTRIAL INTERVENORS: Some portion of distribution costs within FERC Accounts 364-358 should be classified as customer-related because this minimum investment is incurred to connect a customer to the system irrespective of the demand imposed or the amount of energy consumed.

115. Are Gulf's separation of amounts for wholesale and retail jurisdictions appropriate?

INDUSTRIAL INTERVENORS: No position at this time.

116. ISSUE: Is the method employed by the company to develop its estimates by class of the 12 monthly coincident peak hour demands and the class noncoincident peak hour demands appropriate?

INDUSTRIAL INTERVENORS: Yes.

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

INDUSTRIAL INTERVENORS: Agree with Staff.

118. ISSUE: If an increase in revenues is approved, unbilled revenue will increase. Is the method used by the utility for calculating the increase in unbilled revenues by rate class appropriate?

INDUSTRIAL INTERVENORS: No position.

119. ISSUE: Should the increase in unbilled revenues be subtracted from the increase in revenue from sales of electricity used to calculate rates by class?

INDUSTRIAL INTERVENORS: No position.

120. ISSUE: What are the appropriate customer charges?
INDUSTRIAL INTERVENORS: No position at this time.
121. ISSUE: What are the appropriate demand charges?
INDUSTRIAL INTERVENORS: Support approach of Gulf as to PX/PXT.
122. ISSUE: The company presently has seasonal rates for the RS and GS rate classes. Should seasonal rates be retained for RS and GS? If so, should they be required for GSD/GSDT, LP/LPT and PX/PXT?
INDUSTRIAL INTERVENORS: No position at this time.
123. ISSUE: If seasonal rates are continued, how should they be designed?
INDUSTRIAL INTERVENORS: No position.
124. ISSUE: How should time-of-use rates be designed?
INDUSTRIAL INTERVENORS: Generally support the concept outlined in Staff's position.
125. ISSUE: Should Gulf's Experimental Rate Schedule RS-VSP (Residential Service - Variable Spot Pricing) base rate charges be raised so that the rate is revenue neutral with the approved standard RS rate? If so, what should the charges be?
INDUSTRIAL INTERVENORS: No position.
126. ISSUE: The company currently gives transformer ownership discounts of \$.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?
INDUSTRIAL INTERVENORS: No position.
128. ISSUE: All general service demand rate schedules (GSD, GSDT, LP, LPT, 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?

INDUSTRIAL INTERVENORS: Yes, the SS rate schedule should have provisions identical to the corresponding full requirements demand schedules, as to transmission and metering discounts.

129. ISSUE: Should Gulf's proposed revision of the statement of the customer charge on the standby service rate schedules (SS and ISS) be approved?

INDUSTRIAL INTERVENORS: Agree with Staff.

129. ISSUE: Should Gulf's proposed change in the definition of the capacity used to determine the applicable local facilities and fuel charges on the standby service rate schedules (SS and ISS) be approved?

INDUSTRIAL INTERVENORS: No position at this time.

130. ISSUE: Should the proposed paragraph on the monthly charges for supplementary service on the SS and ISS rate schedules be approved?

INDUSTRIAL INTERVENORS: No position at this time.

131. ISSUE: Should the Interruptible Standby Service (ISS) Rate Schedule's sections on the Applicability and Determination of Standby Service (KW) Rendered be replaced by the language approved for the firm Standby Service (SS) in Docket No. 801304-E1?

INDUSTRIAL INTERVENORS: No position at this time.

132. ISSUE: The present standby rates are based on system and class unit costs from Docket No. 840086-E1. Should the standby rate schedules (SS and ISS) charges be adjusted to reflect unit costs from the approved cost of service study (a compliance rerun) in this docket and the 1989 IIC capacity charge rates?

INDUSTRIAL INTERVENORS: The charges should be adjusted to reflect the unit costs developed in the cost-of-service study in this case.

133. ISSUE: Order No. 17568, Docket No. 850102-EI approved the experimental Supplemental Energy (SE) (Optional) Rider as a permanent rate schedule on the condition that it become a separate rate class in the company's next rate case. Has Gulf complied with Order No. 17568?

INDUSTRIAL INTERVENORS: No position.

134. ISSUE: How should rates for the Supplemental Energy Optional Rider be designed?

INDUSTRIAL INTERVENORS: The rates applicable to SE customers should be identical to the corresponding rate applicable to non-SE customers within the same rate class. To do otherwise could cause instability because of the small size of the SE and non-SE subclasses.

135. ISSUE: The applicability clause of the three demand classes (GSD, LP and PX) is stated in terms of the amount of KW demand for which the customer contracts. Is this an appropriate basis for determining applicability?

INDUSTRIAL INTERVENORS: No position at this time.

136. ISSUE: The current GSD/GSDT and GSLD/GSLDT rate schedules have minimum charges equal to the customer charge plus the demand charge for the minimum KW to take service on the rate schedule for customer opting for the rate schedule. Is this minimum charge provision appropriate?

INDUSTRIAL INTERVENORS: No position.

137. ISSUE: What is the appropriate method for calculating the minimum bill demand charge for the PX rate class?

INDUSTRIAL INTERVENORS: Consistent with the applicable paragraph, rate PX/PXT customers should be subject to a minimum annual billing demand charge.

138. ISSUE: What is the appropriate method for calculating the minimum bill demand charge for the PXT rate class?

INDUSTRIAL INTERVENORS: Same procedure as outlined in Staff's position, but the minimum bill should be based on an annual minimum demand charge.

139. ISSUE: The proposed change in the application of the minimum bill provision allows a customer who has less than a 75 percent load factor in a given month to not be billed pursuant to the minimum bill provision as long as his annual load factor for the current and most recent 11 months is at least 75 percent. Is this appropriate?

INDUSTRIAL INTERVENORS: Yes, agree with Staff.

140. ISSUE: The company has proposed the implementation of a local facilities demand charge for LP/LPT and PX/PXI customers, which would be applied when the customer's actual demand does not reach at least 80 percent of the Capacity Required to be Maintained (CRM) specified in the Contract for Electric Power. Is this local facilities charge appropriate? If so, to what customer classes should it apply?

INDUSTRIAL INTERVENORS: No position at this time.

141. ISSUE: The company's proposed street and outdoor lighting rates are shown on the revised MFR Schedule E-16d submitted as item No. 147 of Staff's Eighth Set of Interrogatories. Should these proposed rates be approved?

INDUSTRIAL INTERVENORS: No position.

142. ISSUE: The company proposes to eliminate the general provisions pertaining to replacement of lighting systems on the Outdoor Service Rate Schedule (OS). Is this appropriate?

INDUSTRIAL INTERVENORS: No position.

143. ISSUE: Should the language on OS-III be clarified so that only customers with fixed voltage loads operating continuously throughout the billing period (such as traffic signals, cable TV amplifiers and gas transmission substations) would be allowed to take service on OS-III?

INDUSTRIAL INTERVENORS: No position.

144. ISSUE: Since the company's last rate case sports fields taking service on rate schedules GS and GSD were allowed to transfer to the OS-III rate schedule. The company has now proposed an OS-IV rate for sports fields. Is this appropriate, and, if so, how should the rate be designed?

INDUSTRIAL INTERVENORS: No position.

145. ISSUE: The company's proposal for service charges are summarized as follows:

	<u>Present</u>	<u>Company Proposed</u>
Initial Service	\$16.00	\$20.00
Reconnect a Subsequent Subscriber	16.00	16.00
Reconnect of Existing Customer after Disconnection for Cause	16.00	16.00
Collection Fee	6.00	6.00
Installing & Removing Temporary Service	48.00	60.00
Minimum Investigative Fee	30.00	55.00

Are these charges appropriate?

INDUSTRIAL INTERVENORS: No position.

146. ISSUE: Should LP customers 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?

INDUSTRIAL INTERVENORS: No position.

147. ISSUE: Is Gulf Power's proposed change to the PX minimum monthly bill reasonable, appropriate, and consistent with the other provisions of the rate?

INDUSTRIAL INTERVENORS: No position at this time.

148. ISSUE: Should Gulf's proposal to decrease the PXT on-peak energy charge and increase the off-peak energy charge be approved?

INDUSTRIAL INTERVENORS: Yes, consistent with the unit cost study.

149. ISSUE: Should scheduled maintenance outages of a self-generating customer that are fully coordinated in advance with Gulf Power be subject to the ratchet provision of the SS rate?

INDUSTRIAL INTERVENORS: No. There is no reason to apply the ratchet feature if the coordination avoids incurring additional capacity-related costs. This treatment of coordination is contemplated by the Commission's general order on standby service (Order No. 17159).

150. ISSUE: Should the assumed 10% forced outage factor for self-generating customers that is built into the SS rate design be continued?

INDUSTRIAL INTERVENORS: An analysis of the forced outage rates of Gulf's self-generating customers and self-generating customers of other utilities supports the conclusion that the 10% assumed forced outage factor is too high. A more reasonable forced outage rate would not exceed 5%.

151. ISSUE: Should the SE rate be modified to allow additional opportunity sales to self-generating customers who have generating capacity which is available but less economic?

INDUSTRIAL INTERVENORS: Yes. The SE rate is designed to encourage opportunity sales of electric power and energy when capacity is available at a reasonable price. Such sales as described in this issue would not be in violation of the standby service tariff because the customer would have to have generating resources available. A 30 minute notice provision applicable to self-generating customers enabling Gulf Power to cease SE service to those customers prior to peak conditions would protect other customers from uneconomic transactions while promoting the type of sales the SE rate was designed to encourage.

Additional Issues

ISSUE: How should uncollectible expenses be allocated?

INDUSTRIAL INTERVENORS: Uncollectible expenses should be directly assigned to those classes which incurred them.

ISSUE: How should fuel stocks be classified?

INDUSTRIAL INTERVENORS: The minimum fuel stocks have some of the aspects of a fixed cost, in that they are continuing in nature; and, without the ongoing inventory, the utility could not operate units reliably. Therefore, the fuel stocks should be classified between the demand and energy components.

E. Questions of Law:

Industrial Intervenors--none have been identified at this time.

F. Stipulated Issues:


None at this time.

G. Pending Motions or Other Matters:

None at this time.

H. A statement as to any requirement that cannot be complied with and the reasons therefor:

None at this time.


~~Joseph A. McGlothlin~~
Lawson, McWhirter, Grandoff
& Reeves
522 E. Park Avenue, Suite 200
Tallahassee, Florida 32301
904/222-2525

John W. McWhirter, Jr.
Lawson, McWhirter, Grandoff
& Reeves
201 E. Kennedy Boulevard
Suite 800
Post Office Box 3350
Tampa, Florida 33601

Attorneys for the Industrial
Intervenors

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the Industrial Intervenors' Prehearing Statement have been furnished by U.S. Mail or by hand delivery* to the following parties of record, this 15th day of May, 1990:

G. Edison Holland
Jeffrey A. Stone
Beggs and Lane
Post Office Box 12950
Pensacola, FL 32576

Jack Haskins
Gulf Power Company
Corporate Headquarters
500 Bayfront Parkway
Pensacola, FL 32501

Suzanne Brownless*
Division of Legal Services
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0872

Major Gary A. Enders
HQ USAF/ULT
Stop 21
Tyndall AFB, FL 32403-6081

Jack Shreve, Public Counsel
Stephen C. Burgess, Deputy Public Counsel
Office of the Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Rm. 801
Tallahassee, FL 32399-1400


Joseph A. McGlothlin