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July 6, 1990

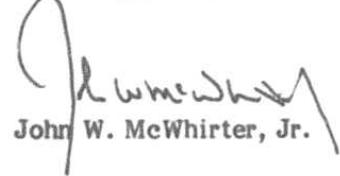
Honorable Steve Tribble, Director  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32302

Re: FPSC Docket No.: 801346-El  
In re: Petition of Gulf Power Company for an increase  
in its rates and charges

Dear Mr. Tribble:

I enclose herewith an original and 15 copies of the Industrial Intervenors Post-Hearing Statement of Issues and Positions in the above-referenced docket.

Sincerely yours,

  
John W. McWhirter, Jr.

- ACK 1
- APA 3
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMJ \_\_\_\_\_
- JWMjr/caw CTR \_\_\_\_\_
- Enclosures EAG \_\_\_\_\_
- LEG 1
- LIN 6
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
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05975 JUL -9 1990  
FC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power Company  
for an increase in its rates and charges

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) Docket No. 891345-EI  
) Filed: July 9, 1990  
)

THE INDUSTRIAL INTERVENORS POST-HEARING  
STATEMENT OF ISSUES AND POSITIONS

Pursuant to rule 25-22.056(3)(a), Florida Administrative Code, the Industrial Intervenors files its Post-Hearing Statement of Issues and Positions. Industrial Intervenors are contemporaneously filing a post-hearing brief, in which the positions set forth herein are developed and supported more fully.

Summary of Industrial Intervenor's Position

The Industrial Intervenor's participation in this case is limited to cost of service and rate design issues. The Industrial Intervenors recommend the "near peak" cost of service methodology as the best approach for classifying demand, energy and customer costs, as well as the best approach for allocating these costs to the several customer classes.

With respect to the rates and costs for cogenerators, the Industrial Intervenors recommend several modifications to Gulf's proposed tariffs that will result in additional revenue to Gulf that will benefit the utility and all other electric consumers without creating barriers to cogeneration while establishing safeguards against unreasonable discrimination in favor of cogenerators.

CAW/JWM/6141PHS010

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FPSC-RECORDS/REPORTING

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Statement of Issues and Positions

Legal Issues:

**Issue 115:                    What is the appropriate cost of service methodology to be used in designing the rates of Gulf Power Company?**

Industrial Intervenors' Position: The "near peak" methodology approach is the best approach to fairly allocate the cost of production and transmission plant between the customer classes.

**Issue 116:                    How should distribution costs be treated within the cost of service study?**

Industrial Intervenors' Position: In allocating distribution costs, land and station investment in distribution facilities should be demand related. Investment in poles, overhead conductors, underground conduit conductors and line transformers should be allocated 70% to demand and 30% to customer cost. The cost of meters and installations on customers premises should be allocated as a customer cost.

**Issue 117:                    How should uncollectable expenses be allocated?**

Industrial Intervenors' Position: Uncollectable expenses should be allocated to those classes which incurred them.

**Issue 118:                    How should fuel stocks be classified?**

Industrial Intervenors' Position: Fuel stocks should be classified to demand or energy based on its use in the system.

**Issue 121:**            **If a revenue increase is granted, how should it be allocated among customer classes?**

**Industrial Intervenor's Position:** Agree with Staff. (Pollock)

**Issue 135a:**            **How should the daily standby service demand be determined?**

**Industrial Intervenor's Position:** The daily standby service demand should be based on the difference between the maximum demand occurring in the on-peak hours during an outage and the corresponding maximum demand during a non-outage period of the current billing month.

**Issue 136:**            **The present standby rates are based on system and class unit costs from Docket No. 840086-El. 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 1990 IIC capacity charge rates and designed in the manner specified by the Commission in Order No. 17159?**

**Industrial Intervenor's Position:** The Commission should allocate costs to the class; develop unit costs; and design rates accordingly, based on the cost of service study approved in this case. The use of system-wide average unit costs and the assumptions as to forced outage rates contained in Order No. 17159 would defeat the purpose of setting rates to all classes based on the class cost of service study, and these procedures (system costs, 10% forced outage rates) should not and need not be applied to the Rate SS class. (Pollock)

**Issue 137:**            **Order No. 17568, Docket No. 850102-El 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, and should the SE be a separate rate class?**

**Industrial Intervenor's Position:** There should be no separate class for SE customers. Supplemental Energy is provided to customers only on an as-available basis, and only on the condition that Gulf Power not be required to make any investment to

accommodate that service. Therefore, there is no logical reasons to establish a separate class for SE customers because there are no costs caused by that usage. Further, the establishment of a separate class could create potential instability, due to the small size of the SE "class" and the resulting small size of the class of remaining PXT customers.

**Issue 138: How should rates for the separate supplemental energy rate optional rider schedule be designed?**

**Industrial Intervenor's Position:** 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. (Pollock)

**Issue 141: What is the appropriate method for calculating the minimum bill demand charge for the PX Rate Class?**

**Industrial Intervenor's Position:** Consistent with the applicable paragraph, rate PX/PXT customers should be subject to a minimum annual billing demand charge. (Pollock)

**Issue 142: What is the appropriate method for calculating the minimum bill demand charge for PXT rate classes?**

**Industrial Intervenor's Position:** While we generally agree with the Staff's method, the load factor should be based on maximum on-peak demand to encourage customers to use more power during the off-peak periods. (Pollock)

**Issue 152: 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 Intervenor's Position:** 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). (Pollock, Kislá)

**Issue 153:**

**Should the assumed 10% forced outage factor for self-generating customers that is built into the Ss rate design be continued?**

**Industrial Intervenor's Position:** 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%. (Pollock)

**Issue 158:**

**Should the SE rate be modified to allow additional opportunity sales to self-generating**

**Industrial Intervenor's Position:** 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 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. (Pollock, Kisla)

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 6<sup>th</sup> day of July, 1990, by U. S. Mail to the following:

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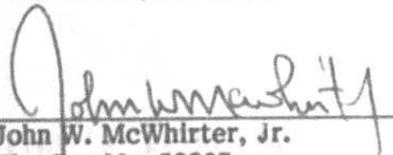
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