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July 1, 1994

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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 Standby Electric Service  
by Gulf Power Company.

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and 15  
copies of the following:

- ACK
  - AFA \_\_\_\_\_
  - APP \_\_\_\_\_
  - CAF \_\_\_\_\_
  - CTR \_\_\_\_\_
  - LEG \_\_\_\_\_
  - LIN \_\_\_\_\_
  - OPC \_\_\_\_\_
  - RCH \_\_\_\_\_
  - SEC \_\_\_\_\_
  - WAS \_\_\_\_\_
  - OTH \_\_\_\_\_
1. Testimony and Exhibit of Jeffry Pollock.
  2. Direct Testimony of Charles Bogatie.
  3. Direct Testimony of Bruce K. Hollinger.
  4. Direct Testimony of Tom Kislak.
  5. Direct Testimony of Denny Brueggemeier.

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

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Yours truly,  
*Joe McGlothlin*  
Joseph A. McGlothlin

DOCUMENT NUMBER-DATE  
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Date Filed: July 1, 1994

Before the  
Florida Public Service Commission  
Docket No. 931044-EI

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**GULF POWER COMPANY**

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Testimony and Exhibit

of

**JEFFRY POLLOCK**

On Behalf of

Champion International Corporation  
Monsanto Company  
Stone Container Corporation

July 1994  
Project 5626

Drazen-Brubaker & Associates, Inc.  
St. Louis, Missouri 63105-1819

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**GULF POWER COMPANY**

Before the

Florida Public Service Commission

Docket No. 931044-EI

Date of Filing - July 1, 1994

**Direct Testimony of Jeffrey Pollock**

1 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A Jeffrey Pollock, 7730 Forsyth Boulevard, St. Louis, Missouri, 63105.

3 Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

4 A I am a consultant in the field of public utility regulation and a prin-  
5 cipal in the Firm of Drazen-Brubaker & Associates, Inc., regulatory and  
6 economic consultants.

7 Q WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE?

8 A I have been a consultant in this field since 1975 and have worked on  
9 utility rate matters in both the United States and several Canadian  
10 provinces. Our Firm has provided utility rate consulting services since  
11 1937. I have a Bachelor of Science degree in Electrical Engineering and  
12 a Masters in Business Administration from Washington University. More  
13 details are provided in Appendix A to this testimony.

1 Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?

2 A I am testifying on behalf of Champion International Corporation, Mon-  
3 santo Company and Stone Container Corporation, all of whom are customers  
4 of Gulf Power Company (Gulf) and purchased standby power under Rate  
5 Schedule SBS. Further, both Champion International and Stone Container  
6 also purchased supplementary power under Rate Schedule PXT.

7 Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A I shall address the two remaining issues raised in the Staff recommen-  
9 dation dated May 26, 1994. These issues are (1) the Coordinated Main-  
10 tenance Months (CMM) and (2) Option A.

11 In addition, the Staff has identified a third issue in its prelim-  
12 inary list of issues whether the applicability of rate charges for the  
13 above 7,499 kW demand range customers is appropriate. I am advised by  
14 Counsel that this issue was resolved at the June 7 Agenda Conference in  
15 this Docket. However, I shall address this issue in the event that the  
16 Commission desires further input before making a final decision.

17 Q ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR TESTIMONY?

18 A Yes. I am sponsoring Exhibit JP-1 ( ), consisting of 3 schedules.  
19 These schedules were prepared by me or under my supervision and direc-  
20 tion.

1 Coordinated Maintenance Months

2 Q WHAT IS YOUR UNDERSTANDING OF THE BASIS FOR STAFF'S RECOMMENDATION THAT  
3 THE CMM PROVISION IS INAPPROPRIATE?

4 A Based on my review of the Staff recommendation and of the transcript of  
5 the June 7 Agenda Conference, it appears that one of Staff's primary  
6 objections is that the CMM provision would enable standby customers to  
7 "escape costs assigned to them in the last rate case." In other words,  
8 Staff contends the SBS rate is not cost-based. Staff's other concern  
9 is based on their contention that any seasonal differentiation of demand  
10 charges would be contrary to the so-called "pricing signals" which they  
11 attribute to the Southern Company Intercompany Interchange Contract  
12 (IIC). Because the capacity charges per kW under the IIC are virtually  
13 the same for all months, Staff contends that, "sending the price signal  
14 that Gulf's production and transmission costs are minimal or nonexistent  
15 in the non-summer months is totally inconsistent with the IIC."  
16 Finally, Staff also contends that, under the IIC, "Gulf may incur addi-  
17 tional costs to serve the standby class due to the CMM provision."

18 Q HAS THE STAFF OFFERED ANY VALID REASON FOR REJECTING THE CMM PROVISION  
19 OF RATE SBS?

20 A No. I disagree with Staff's contention that the CMM provision is not  
21 cost-based and that it would send improper price signals. An implicit  
22 assumption underlying Staff's recommendation is that the cost to provide  
23 backup power is the same as the cost of providing maintenance power.  
24 This is not the case, and I shall explain why later in this testimony.  
25 Finally, Staff attributes far too much significance to the IIC. Having

1 become familiar with the IIC and having participated in regulatory  
2 proceedings involving all five Southern Operating Companies over the  
3 last 20 years, it is my impression that the IIC, which is regulated by  
4 the Federal Energy Regulatory Commission (FERC), is not considered to  
5 be the "bible" of costing and pricing practices throughout the Southern  
6 Company system. In fact, the pricing policies followed by most of the  
7 Operating Companies are designed to encourage customers to minimize  
8 their use of electricity during the summer peak hours and to shift load  
9 to off-peak hours. In fact, Gulf's proposed CMM provision would enable  
10 it to conform better to those peak-shifting pricing practices among the  
11 Southern Operating Companies.

12 Q IS THE CMM PROVISION COST-BASED?

13 A Yes. One reason why the CMM provision is cost-based is that it recog-  
14 nizes that both Gulf and the Southern Company systems are predominantly  
15 summer peaking. This is shown in Exhibit JP-1 ( ), Schedules 1, 2  
16 and 3. These schedules were prepared in connection with testimony which  
17 I sponsored in Gulf's last rate case, Docket No. 891345-EI. The rele-  
18 vance of examining the Southern Company load characteristics is that  
19 Southern is the entity responsible for the development of electric power  
20 facilities and coordination of electric operations for the five  
21 Operating Companies, including Gulf.

22 Future capacity additions are based on the projected summer peak  
23 demand, plus an allowance for reserves to account for unforeseen contin-  
24 gencies such as abnormal weather, load forecasts error and unit outages.  
25 Thus, on a Southern system-wide basis, continued increases in summer

1 peak demand will cause and, perhaps, accelerate new capacity additions.  
2 On the other hand, pricing electric service to encourage customers to  
3 minimize demands during the summer peak hours may enable the Southern  
4 System to defer or even avoid capacity additions. The CMM provision in  
5 Gulf's proposed Rate Schedule SBS is consistent with sending this criti-  
6 cal price signal.

7 Q PLEASE EXPLAIN THE LOAD ANALYSIS PRESENTED IN SCHEDULE 1.

8 A Schedule 1 is an analysis of Gulf's load characteristics. Schedule 2  
9 is a similar analysis for the Southern Company. Page 1 shows the  
10 monthly peak demands as a percent of the annual system peak for the  
11 years 1984 through 1989. The monthly peaks are shown in blue. The peak  
12 months are denoted by the red/blue bars. The annual system peak is  
13 shown in red. Except for 1985 and the unusually cold winter of 1989,  
14 Gulf has had, and continues to have, a predominant summer peak. The  
15 summer peaks typically occur in the months June through September.  
16 Although not shown in Schedule 1, I understand that Gulf's system peak  
17 has occurred in the summer months in every year since 1989.

18 Gulf's predominant summer peak is further analyzed on Page 2 of  
19 Schedule 1. Page 2 shows the ratio of the annual system peak demand to  
20 the minimum monthly and average monthly peak. If the load pattern were  
21 nonseasonal, then these ratios would be close to 1.0. For Gulf, how-  
22 ever, the maximum-to-minimum monthly peak has ranged from 1.47 to 1.83  
23 times (Column 2). Similarly, the ratio of the maximum-to-average  
24 monthly peak has ranged from 1.18 to 1.29 times.

1 Q DO GULF POWER AND THE SOUTHERN COMPANY HAVE SIMILAR LOAD PATTERNS?

2 A Yes, they do. Exhibit JP-1 ( ), Schedule 2, is an analysis of the  
3 Southern Company monthly system peaks as a percent of the annual system  
4 peak. This analysis demonstrates that Southern's total system load  
5 pattern is also highly seasonal, and that the annual system peak always  
6 occurs during the summer period. The peak demands during the non-summer  
7 months are generally below 85% of the annual system peak. Further,  
8 based on the ratios presented on Page 2 of Schedule 2, it is apparent  
9 that the Southern System is even more predominantly summer-peaking than  
10 Gulf Power.

11 Q ARE THE DEMANDS DURING THE NON-SUMMER MONTHS ALSO IMPORTANT TO THE NEED  
12 TO ADD GENERATING CAPACITY BECAUSE OF THE NEED TO PERFORM SCHEDULED  
13 MAINTENANCE?

14 A This proposition is not supported by the evidence. Exhibit JP-1 ( ),  
15 Schedule 3, is an analysis of the monthly reserve margins of the South-  
16 ern Company expressed as a percent of peak demand for the years 1984  
17 through 1989. The reserves are shown in two ways: (1) before and (2)  
18 after planned and scheduled maintenance outages. The reserve margins  
19 before planned and scheduled maintenance outages are represented by the  
20 orange and blue bars. The orange portion of each bar denotes the por-  
21 tion of total reserve unavailable because of planned and scheduled  
22 maintenance outages. The blue portion, therefore, represents the  
23 reserve margins after removing planned and scheduled maintenance out-  
24 ages.



1 The overall reserve margins (orange and blue bars) are demon-  
2 strably lower during the summer peak months, which are identified by the  
3 yellow line. Further, Southern schedules most of the planned and main-  
4 tenance outages during the non-summer period. This maximizes the avail-  
5 ability of capacity during the more critical summer peak months.

6 In summary, Schedules 1, 2 and 3 demonstrate the predominance of  
7 the summer peak for both the Gulf and Southern systems.

8 Q IS STAFF CORRECT IN CONTENDING THAT THE DEMAND-RELATED COSTS ATTRI-  
9 BUTABLE TO STANDBY CUSTOMERS WOULD NOT BE FULLY RECOVERED BECAUSE OF THE  
10 CMM PROVISION?

11 A No. Staff assumes that for Rate SBS to be cost-based, Gulf requires a  
12 higher daily demand charge during the peak months to compensate for the  
13 waiver of the daily demand charge during the four CMM months. Staff's  
14 contention is wrong for two reasons. First, the daily demand charge  
15 will apply to all backup power service provided during a non-CMM month.  
16 Second, backup and maintenance power are not identical services. The  
17 demand-related costs associated with backup power are significantly  
18 higher than for maintenance power.

19 Q WHAT IS BACKUP POWER?

20 A Backup power is electric energy or capacity which is supplied by an  
21 electric utility to replace energy ordinarily generated by a qualifying  
22 facility's own generation equipment during an unscheduled outage of a  
23 qualifying facility. Thus, backup power is directly associated with

1 self-generator equipment failures, which occur randomly and usually  
2 without advanced notice.

3 Q WHAT IS MAINTENANCE POWER?

4 A Maintenance power is electric energy or capacity supplied by an electric  
5 utility to a qualifying facility during scheduled outages of the quali-  
6 fying facility. This type of power would normally be provided on a pre-  
7 arranged, scheduled basis to allow the customer to take its equipment  
8 out of service for routine inspections and preventive maintenance.

9 Q DO BACKUP AND MAINTENANCE SERVICES IMPOSE THE SAME COSTS ON THE UTILITY?

10 A No. Because backup power is the result of random forced outages of  
11 generating equipment. The extent to which backup power is required will  
12 depend on the reliability of a self-generating customer's facilities.  
13 The more reliable the unit(s), the less backup power is required and  
14 vice versa. A forced outage may occur at any time--summer or winter,  
15 on-peak or off-peak--usually with little or no advance warning. In  
16 other words, Gulf has a continuing obligation to provide capacity to  
17 meet the expected backup power demands of its standby customers.

18 There is no such continuing obligation to provide maintenance  
19 power service until a customer requests a CMM. Normally, this request  
20 will occur six months in advance of a maintenance outage. Gulf's obli-  
21 gation to provide maintenance power service is conditioned upon the  
22 availability of adequate resources to satisfy the then projected  
23 demands, including the request for maintenance power.

1 Therefore, the maintenance power is much less expensive to provide  
2 than backup power. A properly designed standby rate should recognize  
3 these important differences.

4 Q ARE YOU TESTIFYING THAT RATE SBS DOES RECOGNIZE THE DIFFERENCES BETWEEN  
5 BACKUP AND MAINTENANCE POWER?

6 A Yes. The CMM provision in rate SBS recognizes the critical differences  
7 in both the nature and cost of providing backup and maintenance service.

8 Q DOES WAIVING THE DAILY DEMAND CHARGE DURING A CMM IMPLY THAT MAINTENANCE  
9 POWER IS BEING PROVIDED AT NO CHARGE?

10 A No. It must be remembered that a standby customer is obligated to pay  
11 the reservation charge, irrespective of the type of standby service  
12 provided (i.e., backup or maintenance power) and irrespective of how  
13 much standby service is required. (The non-fuel energy charge also  
14 applies to all standby power purchased under Rate SBS.) The reservation  
15 charge is based on an assumption that standby power is required for  
16 about two on-peak days per month, on average. There will be some months  
17 when standby power is required for more than two days per month, and  
18 there will be many more occasions when standby power will either not be  
19 required or will be needed for several hours. If, on average, a standby  
20 customer requires less than two on-peak days of service or requires only  
21 maintenance power--which is available only if Gulf has adequate capa-  
22 city--then the customer is being overcharged relative to the actual  
23 costs imposed on the utility.

1 Q IS THERE ANY EVIDENCE THAT STANDBY SERVICE MAY NOT BE USED ON TWO OR  
2 MORE DAYS PER MONTH, ON AVERAGE?

3 A Yes. I refer the Commission to the testimony of Mr. Bruce Hollinger on  
4 behalf of Monsanto Company who states that Monsanto's cogeneration unit  
5 "expects to achieve an availability rate much higher than 90% and thus  
6 far has achieved a 99% availability rate in the first nine months of  
7 operation." Monsanto is the largest standby customer served by Gulf  
8 Power and accounts for about 60% of the total standby contract capacity.  
9 Further, the CMM provision will ensure that Monsanto schedules main-  
10 tenance outages during the non-summer months. If both assumptions prove  
11 to be correct, then the majority of the Rate SBS class may not require  
12 standby service for even one day per month.

13 Q IS THE IIC RELEVANT IN EVALUATING THE CMM PROVISION?

14 A No. The IIC is not relevant in evaluating either the CMM or the  
15 costing/pricing practices of Gulf. As I previously testified, each of  
16 the other four Operating Companies has implemented pricing policies  
17 specifically designed to discourage demand imposed during the summer  
18 peak period and, further, to encourage customers to shift load from on-  
19 peak to off-peak hours. These pricing provisions include summer-based  
20 demand ratchets, off-peak forgiveness, real-time pricing and demand  
21 credits for interruptible service during the summer on-peak hours.

22 Staff has gone well beyond the purpose of the IIC. According to  
23 Section 1.9 of the IIC, the purposes of the IIC include (1) the joint  
24 development of electric power facilities and (2) achieving substantial  
25 economies through the coordination of the electric operations of each

1 of the Operating Companies. As a consequence of common planning and the  
2 joint development and coordination of electric operations, each Oper-  
3 ating Company benefits because: (1) the construction of new generating  
4 facilities can be staggered to allow individual companies to construct  
5 and install the optimum size generating facilities which maximize eco-  
6 nomies of scale; (2) surplus capacity and energy available from time-to-  
7 time can be sold off-system; (3) the seasonal and diversity patterns of  
8 other utilities not contiguous to each Operating Company can be uti-  
9 lized, thus avoiding or deferring the construction of generating capac-  
10 ity to meet seasonal loads; (4) reserves can be pooled, thus reducing  
11 the magnitude of the reserve capacity required by each Operating Company  
12 to assure reliable service to their respective customers; (5) electric  
13 service reliability is improved by the use of transmission interconnec-  
14 tions among the Operating Companies and between the Southern System and  
15 neighboring systems and (6) centralized economic dispatch can provide  
16 the most economical energy available for Southern territorial customers.  
17 [Reference: The Southern Company System Intercompany Interchange Con-  
18 tract, Section 1.9] To infer, as does the Staff, that the IIC dictates  
19 the costing and pricing practices of the Southern System is to com-  
20 pletely overlook the greater purpose of the Contract, which is to pro-  
21 vide the above-stated benefits. Also, as previously noted, Staff's  
22 contention would contradict the actual pricing practices of the other  
23 four Operating Companies.

1 Q DOES STAFF HAVE A VALID CONCERN THAT GULF WILL NOT BE ADEQUATELY COMPEN-  
2 SATED FOR CHANGES IN CAPACITY EQUALIZATION PAYMENTS/CREDITS UNDER THE  
3 IIC, WHICH MAY BE ATTRIBUTABLE TO SCHEDULED MAINTENANCE POWER PROVIDED  
4 DURING A CMM?

5 A No. However, as I previously stated, maintenance power service is not  
6 being provided at no charge. A standby customer is obligated to pay the  
7 reservation charge each and every month irrespective of the type or  
8 quantity of standby power used. This applies equally to maintenance  
9 power provided during a CMM.

10 Q ARE THE CAPACITY EQUALIZATION PAYMENTS/CREDITS UNDER THE IIC RELEVANT  
11 TO THE PRICING OF STANDBY SERVICE?

12 A No. The capacity equalization process is designed to ensure that each  
13 Southern Operating Company has sufficient capacity to meet its projected  
14 demands, plus an allowance for reserves. What is being equalized are  
15 the reserve margins among each of the Southern Operating Companies.  
16 Thus, in contrast with a stand-alone utility like Florida Power Cor-  
17 poration, Florida Power & Light Company and Tampa Electric, Gulf's  
18 reserve capacity costs vary as a result of the IIC. Because only  
19 reserve capacity varies, the amount of the capacity equalization  
20 payments/credits is small in relation to Gulf's total non-fuel operating  
21 expense. If the IIC did not exist and Gulf was a stand-alone utility,  
22 then, at a minimum, it would require higher reserve margins and it would  
23 incur higher capacity-related costs to provide the same level of ser-  
24 vice, not to mention foregoing all of the other benefits derived under  
25 the IIC as described above.

1 This further underscores the irrelevance of the IIC in evaluating  
2 the appropriateness of the CMM provision in Gulf's Rate Schedule SBS.

3 Q EVEN IF THE IIC WERE RELEVANT AND MATERIAL, WOULD THE IMPACT ON CONTRACT  
4 PAYMENTS BE THE ONLY PERTINENT CONSIDERATION TO TAKE INTO ACCOUNT?

5 A No. One flaw in Staff's reasoning is that it views the "CMM scenario"  
6 in isolation. It is necessary to compare the impact of this approach  
7 with the impact of the alternative. Absent the incentive to perform  
8 maintenance during off-peak months, standby customers could elect to  
9 require maintenance power during the summer peak. This could be far  
10 more costly than any differential in contract reserve equalization  
11 payments if the additional summer demand required the construction of  
12 new capacity.

13 **Option A**

14 Q WHAT IS YOUR UNDERSTANDING OF STAFF'S OBJECTION TO OPTION A?

15 A The Staff objects to using seven days in calculating the "Option A"  
16 daily demand charge. Staff's concern is that if the average number of  
17 days with non-SE on-peak hours in a year is less than seven, then the  
18 customer would be underbilled.

19 Q IS STAFF'S OBJECTION REASONABLE?

20 A No. Staff's contention that an SBS customer choosing Option A would be  
21 underbilled is based on past experience, when there were two years  
22 having less than seven non-SE on-peak days, on average. By relying  
23 solely on past experience, Staff fails to take into account prospective

1 changes in the availability of supplemental energy (SE) as the Southern  
2 System grows into its existing capacity resources.

3 Q HOW IS THE AVAILABILITY OF SE AFFECTED BY LOAD GROWTH?

4 A SE is generally available when the expected incremental cost of genera-  
5 tion is below the average overall energy charges associated with offer-  
6 ing SE service (consisting of the base energy charge and fuel adjust-  
7 ment). The availability of SE is directly related to the availability  
8 of surplus base load generation. As the Southern System's load grows,  
9 its surplus of base load generation will diminish. Following the prin-  
10 ciples of economic dispatch, the lowest operating cost units are dis-  
11 patched first, followed by higher cost units. The larger the load,  
12 relative to available capacity, the more likely that higher operating  
13 cost units will be dispatched. The more frequent use of high operating  
14 cost generation will be further accentuated by the fact that Southern  
15 is planning to install only high operating cost combustion turbines to  
16 meet projected load growth for at least the remainder of the decade.

17 The bottom line is that higher operating cost generating units  
18 will operate more often than in the past. This will increase the South-  
19 ern territorial system lambda (which is equivalent to incremental fuel  
20 and variable operation and maintenance expense). Thus, SE will be  
21 available for fewer hours in the future, because the incremental cost  
22 of generation will exceed the average energy cost recovery in more hours  
23 of the year. This being the case, I believe the assumptions of the new  
24 standby rate are well founded. On the other hand, Staff's recommen-  
25 dation to use either historical averages or the minimum number of



1 average days with non-SE on-peak hours would severely overprice standby  
2 service.

3 **Applicability of Rate Charges Above 7,499 kW**

4 Q WHAT DO YOU UNDERSTAND TO BE THE STAFF'S CONCERN REGARDING THE APPLI-  
5 CABILITY OF THE CERTAIN CHARGES IN RATE SBS TO CUSTOMERS ABOVE 7,499 KW  
6 OF BILLING DEMAND?

7 A The Staff objects to the provision that limits the applicability of the  
8 above 7,499 kW charges to customers that were included in the PX/PXT  
9 rate class for final rate calculations in Gulf's last base rate case.  
10 The basis for Staff's position is that Staff contends that at least one  
11 of the standby customers no longer qualifies for the PX/PXT rate sched-  
12 ule that requires a 75% annual load factor.

13 Q ARE STAFF'S CONCERNS VALID?

14 A No. The fact that one of the standby customers may no longer qualify  
15 for the PX/PXT rate schedule, because it does not have a 75% annual load  
16 factor, is irrelevant to determining both the local facilities and non-  
17 fuel energy charges appropriate for standby service. This is because  
18 the local facility charges for the PX/PXT rate class were developed  
19 based on a combination of direct assigned costs and costs which were  
20 allocated relative to the PXT class' non-coincident peak demand. In  
21 other words, the local facilities are related to size and not load  
22 factor. Similarly, the Rate PX/PXT non-fuel energy charge has nothing  
23 whatsoever to do with the size of the customer and is only indirectly  
24 related to the annual load factor of the customer. If there is any

1 problem with the non-fuel energy charge applicable to the over 7,499 kW  
2 customers in Rate SBS, then it is that the charge may exceed the actual  
3 non-fuel energy cost to provide service. Therefore, Staff's concerns  
4 are invalid.

5 Q ARE YOU AWARE OF ANY CHANGES IN THE INVESTMENT IN LOCAL FACILITIES  
6 SERVING THE CUSTOMER REFERRED TO IN THE STAFF'S RECOMMENDATION?

7 A No. My understanding is that there has been no change in the local  
8 facility costs serving the customer in question. The only change that  
9 has occurred is that this customer is purchasing only standby power  
10 under rate SBS, whereas, in the past, it purchased electricity from Gulf  
11 only to a standby-only purchase. The transition from a supplementary-  
12 priateness of the local facilities or the non-fuel energy charges under  
13 Rate SBS.  
14

15 Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

16 A Yes, it does.

Qualifications of Jeffry Pollock

1

2 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A Jeffry Pollock, 7730 Forsyth Boulevard, St. Louis, Missouri.

4

5 Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

6 A I am a consultant in the field of public utility regulation and am a  
7 principal in the firm of Drazen-Brubaker & Associates, Inc., regulatory  
8 and economic consultants.

9

10 Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

11 A I am a graduate of Washington University. I hold the degrees of Bache-  
12 lor of Science in Electrical Engineering and Master of Business Admin-  
13 istration. At various times prior to graduation, I worked for the  
14 McDonnell Douglas Corporation in the Corporate Planning Department;  
15 Sachs Electric Company; and L. K. Comstock & Company. While at  
16 McDonnell Douglas, I analyzed the direct operating cost of commercial  
17 aircraft. Upon graduation, in June, 1975, I joined the firm of Drazen-  
18 Brubaker & Associates, Inc. My work consists of preparation of finan-  
19 cial and economic studies related to investor-owned, cooperative and  
20 municipal utilities, including revenue requirements, cost-of-service  
21 studies, rate design, site evaluations and service contracts. I am also  
22 responsible for the development of seminars on utility regulation.

23

24 I have worked on various projects in over twenty states and in two  
Canadian provinces, and have testified before the regulatory commissions

1 of Alabama, Arizona, Delaware, Florida, Georgia, Illinois, Iowa,  
2 Louisiana, Minnesota, Mississippi, Missouri, Montana, New Jersey, New  
3 Mexico, Ohio, Pennsylvania, Texas and Washington. I have also appeared  
4 before the City of Austin Electric Utility Commission, the Board of  
5 Public Utilities of Kansas City, Kansas, the Bonneville Power Adminis-  
6 tration, and the U.S. Federal District Court.

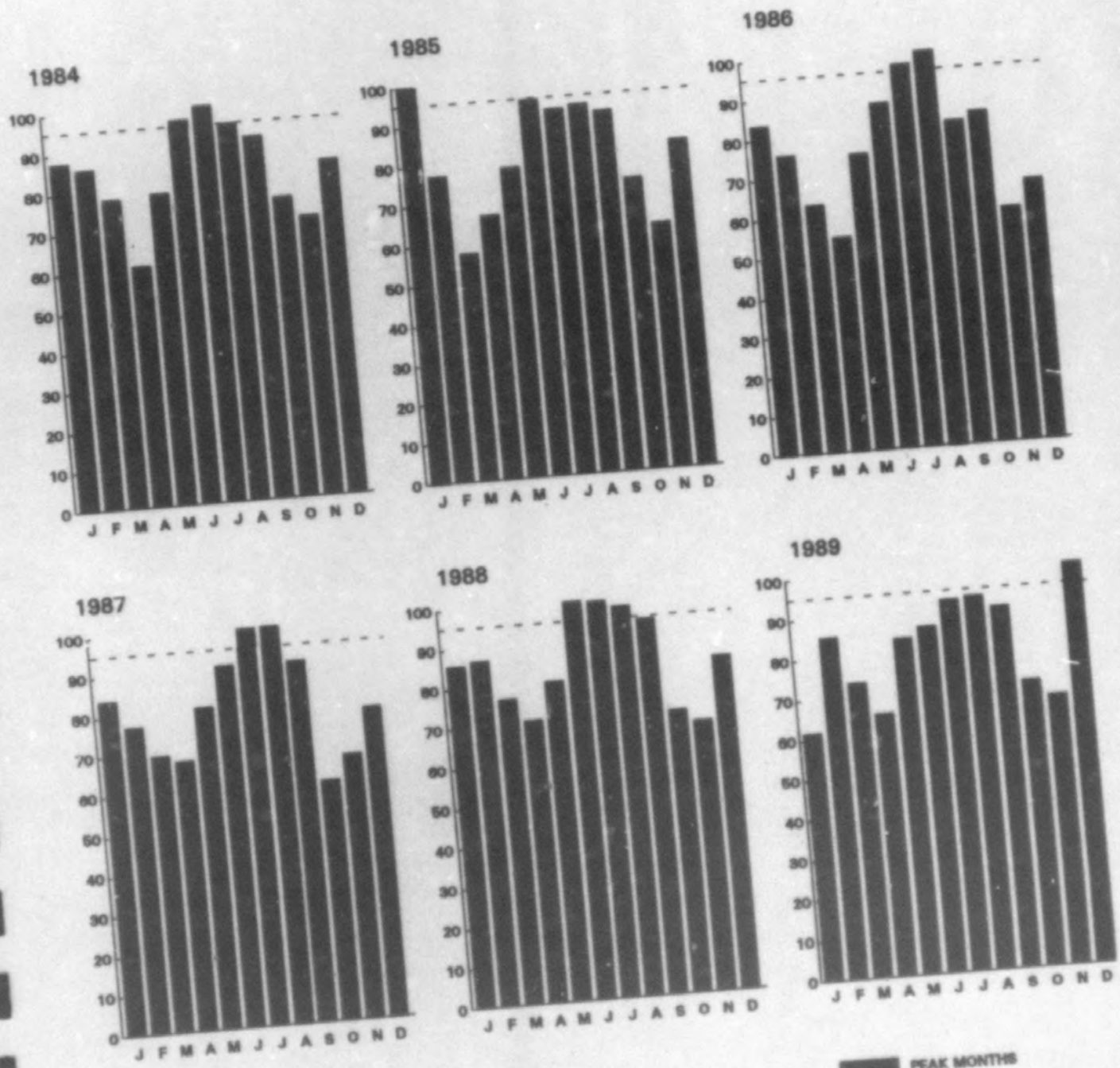
7 The firm of Drazen-Brubaker & Associates, Inc. was incorporated  
8 in 1972 and has assumed the utility rate and economic consulting  
9 activities of Drazen Associates, Inc., active since 1937. In the last  
10 five years, our firm has participated in more than 700 rate cases in  
11 forty states and Canada.

12 The firm provides consulting services in the field of public  
13 utility regulation to many clients, including large industrial and  
14 institutional customers, some utilities and, on occasion, state regula-  
15 tory agencies. In addition, we have also prepared depreciation and  
16 feasibility studies relating to utility service. In many of these  
17 cases, we analyzed the utility's operating and financial records,  
18 including property records, depreciation studies, revenues, expenses  
19 and taxes. We also assist in the negotiation of contracts for utility  
20 service for large users and present seminars on utility regulation.

21 In general, we are engaged in regulatory consulting, economic  
22 analysis and contract negotiation.

# GULF POWER COMPANY

## ANALYSIS OF MONTHLY PEAK DEMANDS AS A PERCENT OF THE ANNUAL SYSTEM PEAK FOR THE YEARS 1984 THROUGH 1989



MONTHLY PEAK DEMAND  
 ANNUAL SYSTEM PEAK  
 PEAK MONTHS

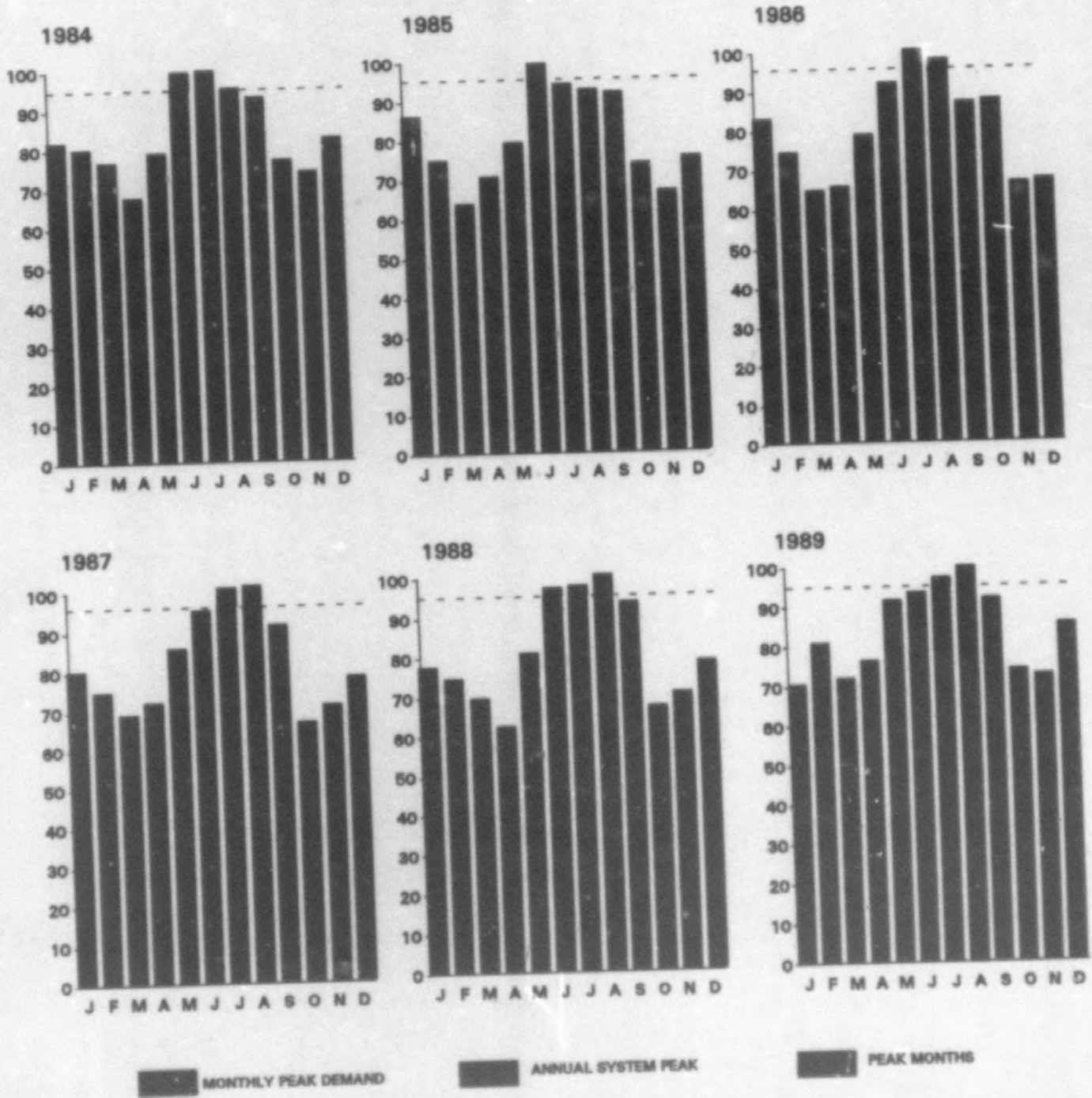
GULF POWER COMPANY

Summary of Load Characteristics

<u>Line</u>	<u>Year</u>	<u>System Peak (1)</u>	<u>Maximum-to-Minimum Monthly Peak (2)</u>	<u>Maximum-to-Average Monthly Peak (3)</u>	<u>Annual Load Factor (4)</u>
1	1984	1,395	1.64	1.19	55%
2	1985	1,531	1.74	1.24	53
3	1986	1,684	1.83	1.29	50
4	1987	1,624	1.66	1.24	54
5	1988	1,620	1.47	1.18	56
6	1989	1,821	1.62	1.24	53

# THE SOUTHERN COMPANY

## ANALYSIS OF MONTHLY PEAK DEMANDS AS A PERCENT OF THE ANNUAL SYSTEM PEAK FOR THE YEARS 1984 THROUGH 1989



THE SOUTHERN COMPANY

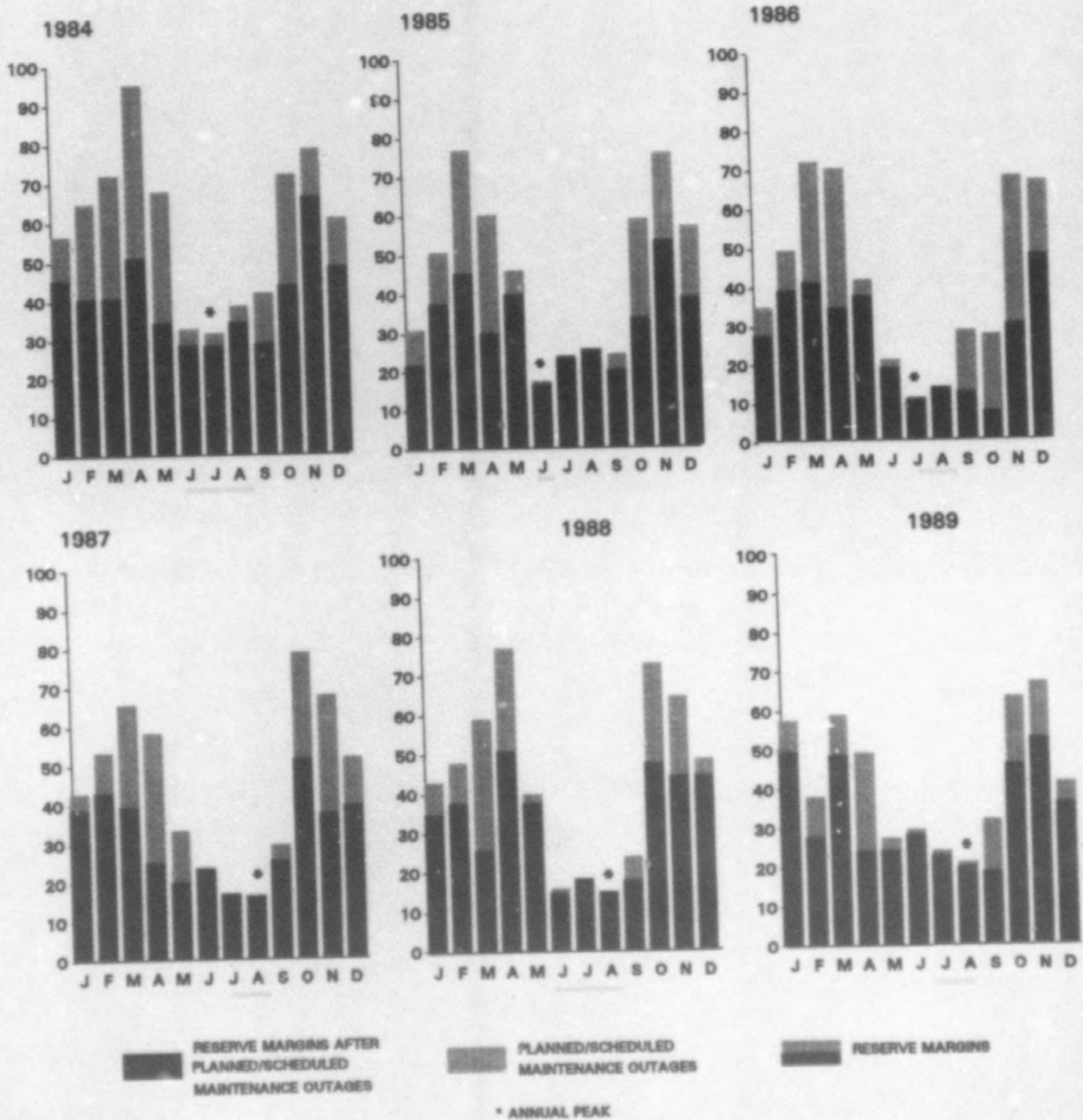
SUMMARY OF LOAD CHARACTERISTICS

<u>Line</u>	<u>Year</u>	<u>System Peak (1)</u>	<u>Maximum-to- Minimum Monthly Peak (2)</u>	<u>Maximum-to- Average Monthly Peak (3)</u>
1	1984	21,618	1.48	1.19
2	1985	23,737	1.56	1.23
3	1986	25,138	1.55	1.25
4	1987	25,138	1.53	1.24
5	1988	26,494	1.61	1.24
6	1989	27,411	1.41	1.19



# THE SOUTHERN COMPANY

## MONTHLY RESERVE MARGINS EXPRESSED AS A PERCENT OF PEAK DEMAND (1984 - 1989)



RESERVE MARGINS AFTER PLANNED/SCHEDULED MAINTENANCE OUTAGES

PLANNED/SCHEDULED MAINTENANCE OUTAGES

RESERVE MARGINS

\* ANNUAL PEAK

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: July 1, 1994  
)  
)


CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Testimony and Exhibit of Jeffry Pollock has been furnished by U.S. Mail or by hand delivery\* to the following parties of record, this 1st day of July, 1994.

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