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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
Tallahassee, FL 32399-0870

Re: Docket No. 931044-EI

Dear Ms. Bayo:

The original and fifteen copies of Gulf Power Company's Post-Hearing Statement of Issues and Summary of Positions and the Post Hearing Brief of Gulf Power Company are enclosed for official filing with the Commission. Also enclosed is a double sided high density 3.5 inch computer diskette containing these documents in WordPerfect 5.1 format as prepared on a MS-DOS based computer.

Please mark the extra copy of this letter enclosed herein with the date and time the material was accepted in your office for filing and return same to the undersigned. Thank you for your assistance in this matter.

Very truly yours,

Jeffrey A. Stone
For the Firm

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for authority to implement a replacement rate schedule for the standby electric service provided by the Company.	Docket No. 931044-EI Date filed: 08/31/94

POST-HEARING BRIEF OF GULF POWER COMPANY

Gulf Power Company ["Gulf Power", "Gulf", or "the Company"], by and through its undersigned attorneys, and pursuant to Rule 25-22.056(3), Florida Administrative Code, and in accordance with the Order Establishing Procedure in this docket, Order No. PSC-94-0727-PCO-EI, issued June 13, 1994, hereby submits this post-hearing brief.

INTRODUCTION

This case arises under a set of novel and distinct circumstances. Gulf Power Company, with the full support and consent of the entire affected class of customers[1], has requested authority to continue to utilize Rate Schedule SBS[2] as

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[1]In October 1993, when the petition in this case was filed, the entire class of customers taking standby service from Gulf Power Company consisted of 5 customers. Three of the five customers have intervened in this proceeding and are actively supporting the Company's petition. Although the remaining two customers have not intervened in this proceeding, they have been active in the collaborative process that resulted in Rate Schedule SBS which is the subject of this proceeding, and are in agreement with and support Gulf's request that Rate Schedule SBS be approved as the best current replacement for the former pricing arrangement for Gulf's standby service.

[2]Rate Schedule SBS, with minor modifications agreed to at the June 7, 1994 Agenda Conference, became effective by operation of law on July 1, 1994. At the time of the hearing in this case, the Company was in the process of preparing bills for the first month's service under the new rate schedule. At the time this brief is filed, the customers will be completing the second month under the new rate schedule.

the rate schedule for the standby electric service provided by the Company to its self-generating customers.[3] The goals of this collaborative effort have been both to resolve a significant customer service deficiency that existed under the former pricing arrangement for standby service and at the same time achieve significant benefits for Gulf's general body of customers as well as the individual customers that receive standby electric service. Although not a perfect solution to the complex issue as to the proper pricing arrangement for standby service, Rate Schedule SBS fulfills these goals and represents the best, indeed the only, complete pricing plan presented to the Commission in the course of these proceedings.

Gulf Power has been providing standby electric service to its customers under a separate and distinct rate schedule since 1988. The former pricing arrangement ("Rate Schedule SS") was initially implemented outside the context of a rate case following the Commission's decision in a generic investigation into the subject of standby rates.[4] When the former pricing arrangement was implemented, the Company had virtually no experience with pricing and billing standby service. The former

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[3]Generally, customers who would be eligible to take standby electric service from the Company are cogenerators and are likely to be classified as Qualifying Facilities under the Public Utility Regulatory Policies Act ("PURPA") and the associated federal regulations promulgated by the Federal Energy Regulatory Commission ("FERC").

[4]That investigation was conducted in Docket No. 850673-EU, and, following hearings held in 1986, resulted in Order No. 17159, issued February 7, 1987.

arrangement, which was initially implemented without a formal Company-specific cost study, provided a basis for Gulf and its self-generating customers to gain experience with a separate and distinct rate schedule for standby service. As noted several times within the body of Order No. 17159, the Commission has explicitly recognized the need to revisit the policies, concepts and decisions made back in 1986 and 1987 with the benefit of real world experience gained since that time. Gulf and its standby service customers are before the Commission in this case, fortified with their actual experiences under the former pricing arrangement, and unified in their position that the new arrangement represented by Rate Schedule SBS is a substantial improvement over the former arrangement. The new arrangement meets the needs of Gulf's cogeneration customers; does no harm to the Company's other customers, indeed offers opportunities for significant benefits; comports with good electric service pricing principles; and represents a step forward in Gulf Power's commitment to effectively utilize pricing to achieve the conservation objectives shared by the Commission and the Company.

There is no apparent disagreement with the position of the Company and its standby customers that the pricing arrangement of the former Rate Schedule SS was seriously deficient from the standpoint of customer service/satisfaction. Nevertheless, the net effect of accepting the position, advocated by Staff's witness, ". . . that Gulf's Standby and Supplemental (SBS) rate schedule be denied" [R. 269] would be for the Company and its standby service customers to return to the seriously inadequate pricing arrangement of the old rate schedule. In other words, the effect of Staff's prehearing position is to remove Rate Schedule SBS [Exhibit 3] from Gulf's Tariff for Retail Electric Service, and to put the old SS rate [Exhibit 8] back in the tariff book. [R. 298] The full record in this proceeding shows that none of the concerns expressed by Staff's witness, testifying in opposition to the new rate, or raised by Staff's cross examination of the other seven witnesses, all testifying in support of the new rate, are of such a magnitude to warrant approving such a draconian result. To the contrary, the record in this case supports full approval of Rate Schedule SBS as the next appropriate step in the evolutionary process associated with the pricing and delivery of standby electric service provided by Gulf Power Company under a separate and distinct rate schedule.

The SBS "package", including the Coordinated Maintenance Month ("CMM") and Option A annual review provisions at issue in this case, is the result of a lengthy analysis and evaluation performed by Gulf Power Company and all five of its standby service customers. The evidence in the record supports the request, made by the Company and its standby service customers, that rate schedule SBS continue to remain in effect. The concerns raised by Staff regarding these provisions, conversely, are general in nature and unsupported by specific data and analysis. [R. 306-310] While the new rate schedule may not be perfect, it is a vast improvement over the previous SS rate schedule; the Commission should allow the Company and its customers the opportunity to work with this new schedule and continue to refine the terms under which standby service will be provided as may be necessary under future conditions.

As a result of the hearing in this case, the Company and the five standby customers are well aware of the concerns the Staff has expressed about potential problems that may arise under the new rate. With this understanding, given the firm and unified support of the new rate by Company and customer alike, Gulf and its standby customers have an extremely strong incentive to make sure that the new rate works. The Commission should recognize the existence of this strong incentive and give Gulf and its standby customers the opportunity to gain significant experience under the new rate before considering any further adjustments.

ISSUES AND POSITIONS

ISSUE 1: Is the Coordinated Maintenance Month (CMM) provision on the Standby and Supplemental rate schedule appropriate?

*SUMMARY OF GULF'S POSITION:
Yes. The CMM provision provides an appropriate incentive to the SBS customers to perform their scheduled maintenance activities at a time when the impact of their demand is not likely to require additional capacity resources, and provides an appropriate price signal based on the incremental cost of additional generating capacity.

DISCUSSION: The new CMM provision provides a much stronger incentive than was in effect under the old SS rate for Gulf's standby customers to perform planned maintenance during non-peak months. [R. 16, 52, 76-77, 131, 164, 194, 205-208] The CMM provision under the new rate schedule is cost based; setting the daily demand charge at zero during months accepted by the Company for purposes of allowing "coordinated" maintenance of the cogenerators' generating equipment, provides an appropriate price signal which encourages cost-effective conservation, and allows the Company to avoid constructing additional capacity to serve these customers. [R. 76, 95, 194-195, 363-364] As the record in this docket reflects, increases in demand during summer peak months can lead to capacity additions. [R. 76, 164, 363-364] The CMM provision is an appropriate tool to allow the Company to meet its summer peak load responsibility in the most economical manner. [R. 165, 194]

Staff's primary objections to the CMM provision are articulated in the testimony of Staff witness Mr. Berg. First, he challenges the need for the CMM provision as currently implemented, suggesting instead that the former SS rate provided sufficient incentive to move Gulf's standby customers off of the summer peak. [R. 270-271, 273, 369] The record, however, is devoid of any support for such a theory. [R. 310, 369] In fact, the evidence in the record is that the old rate was <u>not</u> effective in getting the standby customers to perform scheduled maintenance in the off peak seasons of the year. [R. 208-209] Gulf's actual experience has demonstrated the customers were in fact ignoring the price signal in the previous SS rate; the minimal price differential and the potential for recall of a scheduled maintenance period rendered the old SS rate schedule ineffective in motivating Gulf's standby customers to schedule standby maintenance service during off-peak months. [R. 208-209, 328, 370] In fact, under the old rate schedule for the past four years, standby customers have been placing demand on Gulf's system an average of about 20% of the time during the summer months when the Company's loads were either at peak or within 10% of the annual peak. [R. 209]

Common sense dictates that, if the new CMM provision encourages customers to perform efficient, timely and cost-effective maintenance on a regular basis in the off peak seasons of the year, forced outages which otherwise might occur during peak months can be minimized or even averted. [R. 210] This has certainly proven to be the case on Gulf's own system, where regular maintenance has reduced the incidence of forced outages during the summer months. [R. 211] The need to reduce the incidence of standby demand during the summer peak months is well supported by the record in this docket, and constitutes more than sufficient justification for the incentive contained in the CMM provision of the new SBS rate schedule. [R. 363-364]

Mr. Berg conceded that "the customer times his outage so that he can receive the greatest cost savings in the price of electricity." [R. 282, 309] As the record in this docket reflects, the old rate not only provided a minimal demand charge price differential between peak and non-peak months, but was subject to subsequent recall by the Company, either before or after the fact, if the maintenance period was later determined likely to occur or actually occurred at the time of the monthly Southern electric system peak or the monthly Gulf system peak. [R. 204-209] Mr. Berg agreed that, if customers were ignoring the price signal provided under the old SS rate and scheduling maintenance in the summer months, then the CMM provision in the new SBS rate schedule could result in savings for future capacity additions. [R. 286]

Notwithstanding the fact that Mr. Berg believes the old price differential was sufficient to encourage cogenerators to shift their planned maintenance activities to non-summer months, he suggested as an alternative to the current rate (Rate Schedule SBS) that the daily demand charge be increased in the summer months so that over the course of a year the average price received would be 47 cents per KW. [R. 306-307] Mr. Berg conceded, however, that his suggestion was unsupported by any analysis or other evaluation as to the actual effect of such a price change, or even whether such a revision would result in the revenue neutrality he advocates. [R. 307-308, 368] Indeed, it is assumed that one reason for requesting late filed exhibit 14 was to test whether Mr. Berg's suggested change in the price would achieve his desired goal of absolute revenue neutrality. Hearing Exhibit 14 (late filed) shows:

> . . . that the amount of 'revenues' from the SBS rate schedule with modified daily demand charges as supplied by Staff would be $277,474.10 less than the base case of assumed revenues from former rate schedule SS. This is a 4.8% decrease from the assumed base case.

[Exhibit 14, page 1 of 4 following the cover sheet] Exhibit 14 does not show that Mr. Berg's suggested change in the price would result in absolute revenue neutrality. Indeed, even if the calculations on Exhibit 14 could properly be interpreted as a revenue effect[5], the results show that 4 of the 5 customers would experience decreases under Mr. Berg's scenario, while 1 of the 5 would experience a significant increase and, overall, there would still be a decrease.

Another concern raised by Staff witness Mr. Berg was the potential for standby customers to utilize more capacity during a CMM than was actually necessary for maintenance, since the daily demand charge is set at zero, resulting in an under-recovery of costs for this class of customers and the potential for IIC impacts to Gulf's remaining customers. [R. 270-271] First, while there could be an impact on Gulf's responsibility to sell or purchase capacity under the IIC, such impact is neither certain nor quantifiable at this time. [R. 237] Moreover, it is inappropriate to focus on this aspect of Gulf's participation in the IIC in this docket to the exclusion of the substantial benefits the IIC confers on Gulf and its general body of ratepayers, as well as the benefits Gulf expects to achieve

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[5]In making the requested calculations, Gulf simply used the numbers provided by Staff. Gulf did not derive the numbers used in the requested calculation. In some instances, use of the numbers provided, without modification, appears to be inconsistent with principles of rate design about which there has been no disagreement in the context of this proceeding. For these and other reasons, Gulf does not agree with the characterization of the amounts resulting from the calculation set forth in Exhibit 14 as "revenue impacts".

through implementation of the current SBS rate. [R. 199-201] Second, the premise of Mr. Berg's concern is that these customers will use excess standby power during months in which the daily demand charge is set at zero. [R. 282, 284] This premise is false. Mr. Berg was forced to concede that he relied on no analysis or empirical data in asserting the possibility that customers would use more standby power during a CMM than necessary. [R. 284] The record is clear, and five witnesses directly on behalf of the customers themselves have testified, that their cost of production is significantly lower than the rate they would pay Gulf Power, even without a daily demand charge. [R. 26-28, 238-239, 326-328, 330-331, 344-345, 359] It is simply illogical to assume that these customers, private businesses operating in a highly competitive environment, would behave irrationally against their own economic self-interest. [R. 326, 330-331, 337-339, 344-345]

Whether there would be an actual under-recovery of costs due to the absence of a daily demand charge during a coordinated maintenance month is wholly speculative. [R. 273, 287, 357, 363] The CMM provision in current rate schedule SBS is appropriately cost-based; the reservation charge continues to apply to standby customers each month whether or not standby service is actually taken or whether the month is or is not a designated CMM. [R. 339] It should be noted that even customers with less than an actual 10% outage rate continue to incur the full reservation charge; accordingly, the reservation charge as currently applied ensures full cost recovery from Gulf's standby customers. [R. 339-340, 342, 346]

Through cross examination by Staff, concern was expressed for the first time in this case, about the parameters of the Company's unilateral discretion in determining whether or not to designate a CMM following a standby customer's request. As stated, the Company must consider any number of factors in determining whether to approve a customers' request for a CMM, including the articulated need for maintenance and the length of the anticipated maintenance outage. [R. 264] The tariff should not unduly limit the Company's discretion by specifying in advance which factors will be considered. All circumstances which might affect the Company's decision cannot be identified in advance, and should not be restricted to those which are currently predictable. [R. 190] It should be noted that the standby customers themselves have not voiced concerns to the Commission about the absence of criteria within the rate schedule itself.[6] At this stage in the development of Rate Schedule SBS, the Commission should not presume that the Company or its customers will act improperly, or even inappropriately, in negotiating a CMM period. Any concerns regarding a particular customer's request can and should be addressed at the time the request is pending, based on the actual circumstances faced by

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[6]Indeed, all five of the witnesses called by the customers themselves testified in clear support of the complete SBS package. One of the witnesses called by the customers was Jeffry Pollock, an expert in rate design and cost of service issues who has testified extensively before this Commission.

the customer and the Company at the time. [R. 192] However, as Mr. Thompson stated at the hearings, if the Commission has significant concern on this point, then the Company can develop tariff language in such a way as to provide at least minimal criteria under which any request for a designated CMM will be evaluated. [R. 261] Again, the tariff restrictions should be kept as flexible as possible, in order to allow the Company appropriate discretion to consider all factors which may be relevant to this determination in the future. There is no basis for assuming that such discretion will be abused.

ISSUE 2: Is the annual review of the Option A daily demand charge found on the Standby and Supplemental rate schedule appropriate?

*SUMMARY OF GULF'S POSITION:
Yes. The annual review provision enables the Company to make an adjustment to the daily demand charge component to ensure that the Option A customer's total potential exposure to daily demand charges is no higher than it would be if the customer were not a participant in the SE program.

DISCUSSION: Option A allows standby service customers to use supplemental energy when Gulf makes it available, and enables them to buy the most economic energy available. Under Option A, Gulf is merely ensuring that its standby customers are not economically precluded from enjoying the benefits of a pricing program made available to Gulf's non self-generating customers. Under this pricing program, supplemental energy or "SE" is offered at times when there are no incremental demand-related costs associated with that service. [R. 240-241] The SE rider is essentially a time-of-use rate schedule that has flexible time periods which may be designated by Gulf on short notice. [R. 245] SE is available at times when the marginal cost of fuel is less than the average cost; at present, the marginal fuel cost is higher than the average fuel cost approximately 25% of the hours during the year. [R. 246] There is a tradeoff the standby customer must be willing to accept in order to be eligible for this service: under Option A, customers must pay a daily demand charge that is three times the daily demand charge that is applicable to other standby customers. This provides a strong incentive to the Option A standby service customers for them to achieve and maintain a high degree of reliability for their cogeneration units. [R. 50, 52]

Staff does not challenge the Option A provision itself, only the annual review provision within the tariff which enables the Company to make an adjustment to the daily demand charge component of the rate to ensure that the Option A customer's total potential exposure to daily demand charges is no higher than it would be if the customer were not a participant in the SE program. [R. 156] The apparent rationale for Staff's concern is the lack of symmetry in the Option A annual review provision and their perception of a potential for under-recovery of costs. [R. 274-275, 290] Staff witness Mr. Berg asserts that implementation of this portion of the SBS tariff will result in an under-recovery of costs from this class of customers. [R. 274] As was the case with the CMM provision discussed in response to Issue 1 above, Mr. Berg's hypothetical under-recovery is unsupported by any studies or analyses. In reaching his conclusion, Mr. Berg inappropriately relies exclusively on historical data. [R. 289-290] In fact, the presumption of availability of SE implicitly contained in the Option A annual review provision is reasonable, based on current conditions; the availability of SE is dependent upon the availability of baseload units on the Southern electric system, and currently the Southern system plans only additions of peaking capacity. [R. 290-291] Mr. Berg agreed that under the Southern system's current planning scenario, existing baseload units would increasingly have to be dedicated to the system's firm loads, and consequently unavailable to provide supplemental energy to SE customers. [R. 291-292] That being the case, it is highly unlikely that the average number of non-SE days in any given year will decrease in the reasonably foreseeable future. [R. 291-292]

The annual review provision is necessary in order to minimize the possible mismatch between the actual circumstances experienced by the Company and its standby service customers and the assumed circumstances from which the daily demand charges set forth in the rate schedule are derived. The charges themselves have been appropriately set based on expected conditions. It is the intention of the Company in its design of this provision that downward adjustments will not prove to be necessary. Nevertheless, the opportunity to review and adjust the charges annually should not be eliminated simply because the only possible result of the review and adjustment provision is either no adjustment or a downward adjustment for affected customers. If the provision operates to mandate a downward adjustment, such adjustment is appropriate in order to prevent the Company from having charged more for its service than would have been appropriate under the actual circumstances experienced by the Company and its affected standby service customers.

An attempt to create symmetry in the provision by allowing for the possibility of an upward adjustment as well as a downward adjustment by operation of the provision raises the question of retroactive ratemaking. [R. 157, 371] Such an attempt at symmetry ignores the fact that the availability of SE (and, conversely, the number of days that SE is not available) is not symmetrical. [R. 157] An attempt to set the charges at a level high enough to ensure that a downward adjustment will always necessarily result from operation of the review provision causes the wrong price signal to be sent to the affected customers throughout the year. [R. 157-158, 261] Indeed, not only is it the wrong price signal, it is not even the true price since, under this scenario, the price the customer sees throughout the year will always be adjusted downward at the end of each year. This concept reintroduces some of the same "puzzling decision economics" that plagued the former SS rate schedule. [R. 372] Although a third possible alteration would be to remove the annual review provision altogether, this would leave the Option A customers with a potential exposure to a daily demand charges of $1.41 per KW per day for every weekday of the month. This would equate to a demand charge of nearly $30 per KW per month. [R. 372] The economics of such a provision would effectively preclude standby service customers from taking part in the SE program, an effect that runs counter to PURPA, the federal and state regulations promulgated to implement PURPA, as well as the Florida statutory provisions regarding cogeneration. [R. 372] Option A, in its entirety, is based on sound pricing principles, and is in the best interests of both the Company, its SBS customers, and all of Gulf's customers.

The Option A annual review provision thus appropriately ensures that the Option A customer's total potential exposure to daily demand charges is no higher than it would be if the customer were not a participant in the SE program, without compromising the proper price signal, without raising the specter of retroactive ratemaking, and without setting the daily demand charge at such an artificial and unrealistically high level that would ensure that the mechanism would always result in a downward adjustment each year. [R. 371-372] The use of the Option A annual review provision is, moreover, consistent with the 10% forced outage rate which was assumed for purposes of establishing the reservation charge contained in the old SS (and retained in the new SBS) rate; there, if a customer experiences less than the presumed 10% forced outage rate, no adjustment is made to the customer's bill even though the Company incurs fewer costs. [R. 292-293, 346-347, 356]

ISSUE 3: Is the applicability of rate charges for the above 7,499 KW demand range customers appropriate.

NOTE: This issue was withdrawn by the Staff following Gulf's agreement to make certain specific modifications to the language in the final paragraph of Fourth Revised Tariff Sheet No. 6.29 of the Company's Tariff for Retail Electric Service. [R. 215-216, 219, 228-229] These agreed upon changes are set forth in Hearing Exhibit No. 7 which was admitted into evidence at the hearings held in this docket. [R. 215, 228]

ISSUE 4: Should the Commission approve the Gulf Power Standby and Supplemental rate schedule?

*SUMMARY OF GULF'S POSITION:
Yes. New rate schedule SBS is the result of a collaborative effort between Gulf and its customers, is based on sound ratemaking principles and sends an appropriate price signal to Gulf's self-generating customers, for the ultimate benefit of the Company's general body of ratepayers.

DISCUSSION: The current SBS rate schedule resulted from a collaborative effort between Gulf Power and all of its present standby customers. [R. 15-16, 24, 36, 49, 88-89, 167] As the customers themselves testified, the old SS rate was flawed and needlessly complex. [R. 24, 38, 49] In working through these problems, the parties compiled a new rate schedule which resolves the problems of administrative burden and subjectivity. In addition, it establishes pricing mechanisms that enable both Gulf and its customers to achieve savings and enhance cogeneration and conservation efforts. This rate schedule is an interrelated package, and must be viewed as a whole rather than segmented. [R. 167] Staff's concerns about two specific provisions of the new rate schedules are unfounded, and both relate to a perceived potential for a revenue shortfall due to waiver of the daily demand charge during a CMM month, and the annual adjustment of the daily demand charge under Option A. First, while the record reflects the potential for a revenue difference of $300,000, that estimate is based on historical data from 1992. [R. 273, 287] This approximation, therefore, takes into account neither changes in customer usage based on the new rate, nor savings in future capacity additions. It is inappropriate to simply extrapolate this data for use as a projection under an entirely different rate schedule; even Mr. Berg agreed that the customers' response to the new tariff would be difficult to predict. [R. 273, 357, 363] Even if this figure were in fact an accurate estimate of the revenue Gulf will forego due to implementation of rate schedule SBS, it constitutes less than one-tenth of one percent of the Company's overall rate of return, and in any event could not affect Gulf's remaining customers outside of a rate case. [R. 129, 255, 259] As Chairman Deason recognized, the factual situation of the Company's earnings is evidenced by the monthly surveillance reports, and predictions concerning any possible future effect the new SBS rate will have on the overall earnings, and the Commission's response to that effect, is beyond the scope of this docket. [R. 259] The new SBS rate schedule is cost-based, and contains appropriate pricing signals to achieve conservation goals. [R. 194, 255]

Staff, while challenging the CMM and Option A annual review provisions, offered no evidence as to the effect of those provisions under current conditions. [R. 310-312] The recommendations of Mr. Berg are wholly unsupported by any evaluation of actual benefit to the customer; ease of administration; changes in customer demand or consumption level; or effect on conservation efforts. [R. 310-313] There simply is no competent evidence in the record challenging the fact that Gulf and its SBS customers both expect to achieve substantial benefits from implementation of the SBS rate schedule.

CONCLUSION

The needs and expectations of Gulf Power Company's standby customers resulted in the SBS tariff that is before the Commission for final approval in this docket. Both the customers and the Company, through a total of seven witnesses testifying in support of the new rate, have presented substantial evidence in support of the remaining contested provisions of the SBS rate schedule: the CMM and Option A annual review provisions. These provisions are anticipated to result in significant benefits to both the Company and its standby customers, while implementing appropriate price signals to encourage efficiency and conservation. The extensive efforts of Gulf and its customers to achieve a fair, efficient, and cost-based rate schedule for standby electric service should not be frustrated due to unfounded concerns based solely on speculation and supposition. If problems under the new rate schedule do in fact occur, the Commission, the Company, and its customers will have ample opportunity to address those problems prospectively, if and when they occur. At that time, all concerned parties will be able to develop a solution with the benefit of actual experience rather than supposition and speculation.

As noted earlier, the Company and its five standby customers are well aware of the concerns the Staff has expressed about potential problems that may arise under the new rate. With this understanding, given the firm and unified support of the new rate by Company and customer alike, Gulf and its standby customers have an extremely strong incentive to make sure that the new rate works. The Commission should recognize the existence of this strong incentive and give Gulf and its standby customers the opportunity to gain significant experience under the new rate before considering any further adjustments.

Dated this 30th day of August, 1994.

Respectfully submitted,

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for authority to implement a replacement rate schedule for the standby electric service provided by the Company.	Docket No. 931044-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail or hand delivery to the following parties to this docket, this 30th day of August, 1994.

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