

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 930885-EU

PREPARED REBUTTAL TESTIMONY

AND EXHIBITS OF

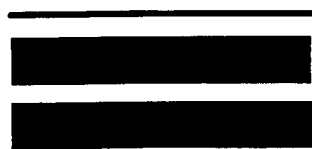
WILLIAM F. POPE

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FPSC-RECORDS/REPORTING



GULF POWER



1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Rebuttal Testimony of
4 William F. Pope
5 Docket No. 930885-EU
6 Date Filed: December 20, 1996

7 Q. Please state your name and business address.

8 A. William F. Pope, Gulf Power Company, 500 Bayfront
9 Parkway, Pensacola Florida 32501.

10 Q. What is your occupation?

11 A. I am Coordinator of Bulk Power Planning for Gulf Power
12 Company in Pensacola, Florida.

13 Q. Please describe your educational background and
14 experience.

15 A. I graduated from the University of Florida in March,
16 1975 with a Bachelor of Science in Electrical
17 Engineering; and in May, 1985, I graduated with a
18 Masters in Business Administration from the University
19 of West Florida. After graduation in 1975, I was
20 employed with the Gainesville-Alachua County Regional
21 Utilities, which is a unit of the City of Gainesville,
22 Florida as a System Planning Engineer.

23 In October of 1978, I joined Gulf Power Company and
24 spent the next eight years in various engineering and

1 supervisory positions at two of the company's electric
2 generating plants.

3 In April of 1987, I became Supervisor of System
4 Planning which made me responsible for the Company's
5 long range distribution, transmission, and generation
6 planning. In May of 1993, I assumed my current position
7 of Coordinator of Bulk Power Planning at the Corporate
8 Office in Pensacola. In this position, I am responsible
9 for supervising the Company's activities for capacity
10 resource and transmission planning for Gulf Power's
11 long-range needs along with other bulk power operational
12 and planning issues. The activities of System and Bulk
13 Power Planning are deeply integrated with the marketing,
14 load forecasting, financial, power delivery,
15 distribution, and regulatory areas within Gulf Power
16 Company.

17
18 Q. Mr. Pope, what is the purpose of your rebuttal testimony
19 in this proceeding?

20 A. The purpose of my rebuttal testimony is to respond to
21 some of the statements made by Stephen Page Daniel in
22 his direct testimony regarding the planning aspects for
23 future service in the disputed areas in the absence of
24 specific territorial boundaries. I will explain how
25 Gulf Power plans and constructs extensions of its

1 distribution system in any area in an economically
2 efficient manner. Furthermore, I will describe some of
3 the situations of service extensions and upgrades in the
4 area that demonstrate Gulf Power's long standing
5 historical presence in Bay and Washington Counties. I
6 will also expose the flaw in SPD-3 where Mr. Daniel is
7 trying to demonstrate Gulf Coast Electric Cooperative's
8 (GCEC) substation capacity adequacy in the future and
9 demonstrate Gulf Power's own substation capacity
10 adequacy for years to come. Finally, I will address
11 issues raised by FPSC staff's Witness Todd Bohrmann with
12 regard to his recommendations on resolving the issues in
13 this proceeding.

14
15 Q. Do you have any exhibits to which you will refer in the
16 course of your testimony?

17 A. Yes. I have two exhibits.

18

19 Counsel: We ask that Mr. Pope's two exhibits,
20 WFP-1 and WFP-2, be marked as Exhibits
21 _____ and _____, respectively.

22

23 Q. Mr. Pope, what do you have to say about Mr. Daniel's
24 assertion that without lines on the ground that both
25 companies will be planning the expansion of their

1 respective systems in order to serve the "same"
2 customers?

3 A. I cannot testify as to how GCEC plans their distribution
4 expansion. Gulf Power's planning is not guided by
5 expectations of serving an undetermined amount of
6 potential customers. Quite the contrary, the majority
7 of Gulf Power's distribution expansion is done to
8 specifically serve new customers as they request
9 electric service, many times requiring only a service
10 drop or minimal number of spans of primary and a service
11 drop. We are not installing miles of primary or making
12 major upgrades to the system in order to serve a fast
13 growing number of new customers in the area, but rather
14 we are simply hooking up a moderate number of customers
15 each year with a distribution system that is already
16 adequate to do so for years to come.

17 Furthermore, Mr. Daniel asserts that because the
18 two utilities are "planning to serve the same customers"
19 then the two utilities must be installing larger
20 facilities than necessary which is viewed by him as
21 being economically inefficient. I strongly disagree
22 with this characterization. In planning the
23 distribution system in this area, as well as throughout
24 Gulf Power's service area, reasonable projections of
25 growth for an area are made for which the most

1 economical means to meet this growth are decided.
2 Historical growth trends, as well as known customer
3 additions and the presence of GCEC's facilities, are
4 utilized in Gulf Power's planning. Gulf Power does not
5 assume to serve the same customers that GCEC does, but
6 rather only a reasonable share of those customers that
7 could be served economically by either of the utilities.
8 One would be foolish to upgrade the distribution system
9 with just the right size conductor to meet the growth
10 for just a few years since this would be a poor use of
11 distribution facility resources, knowing that another
12 upgrade would be needed in such a short time.

13
14 Q. Does the Florida Public Service Commission's Witness
15 Todd Bohrmann have some similar statements that concern
16 you?

17 A. Yes. Mr. Bohrmann asserts that since every other
18 investor-owned utility in the state has territorial
19 agreements with lines on the ground, then so should Gulf
20 Power. He implies that Gulf Power's opposition to lines
21 on the ground adds to the need for the Company to have a
22 territorial agreement. Gulf Power believes strongly
23 that there is no overwhelming reason to put lines on the
24 ground and thus prohibit the natural growth of both
25 utilities' facilities as new customers locate near them

1 and request to have electric service.

2 Mr. Bohrmann makes it sound like these other
3 territorial agreements are the perfect answer to
4 territorial issues. What he does not point out is that
5 there are many places in Peninsular Florida where there
6 are commingled facilities of utilities for which a
7 territorial agreement does not exist. In fact, some
8 municipals and electric cooperatives in Peninsular
9 Florida have agreed to work together on many aspects of
10 their business, but not territorial boundaries. They
11 have chosen to deal with the cooperatives much the same
12 way that Gulf Power does and that is on a case-by-case
13 basis. As stated in Mr. Weintritt's testimony, this has
14 worked well in the past and Gulf Power sees no reason
15 why it would not work well in the future.

16 If one looks at the maps supplied in this case, it
17 is fairly evident that GCEC and Gulf Power have some
18 locations where our facilities are in close proximity,
19 but there are many areas where they are not. Both
20 utilities should be allowed to determine their own
21 future growth through a natural progression of
22 extensions as new customers come along and should not be
23 restricted by rigid boundaries.

24 Although the Commission has been given the
25 authority to settle territorial disputes that arise in

1 the state, it is not clear as to whether they have the
2 authority to "mandate" territorial boundaries between
3 utilities in the absence of a bona fide threat of
4 further uneconomic duplication. The focus of the
5 Commission under the Grid Bill (Chapter 366.04(5)) with
6 regard to territorial issues should be the assurance of
7 avoiding further uneconomic duplication of generation,
8 transmission, and distribution facilities.

9 This case does not center around issues of adequacy
10 or reliability, but rather the concern that either GCEC
11 or Gulf Power will engage in uneconomic duplication in
12 the future. GCEC argues that lines on the ground is the
13 solution to the potential problem. What the Commission
14 should not lose sight of is its charge by law to avoid
15 further uneconomic duplication of facilities while
16 maintaining the utility's ability to grow with the
17 natural infusion of new customers. I do not believe
18 from a system planning perspective that there is any
19 problem with deciding which utility will serve
20 particular customers or groups of customers on a case-
21 by-case basis.

22 Gulf Power Company does not view its history of
23 territorial disputes brought before the Commission as
24 being unreasonable or too frequent. What may be the
25 difference between Gulf Power and the other utilities in

1 the state is that other utilities may be more tolerant
2 of uneconomic duplication. As mentioned earlier, one
3 does not have to travel very far to see vivid evidence
4 of the duplication in other parts of the state. The
5 issue here is elimination of future uneconomic
6 duplication and territorial disputes. Gulf Power
7 contends that lines on the ground is the correct
8 solution. If lines are placed on the ground, our
9 companies will return to Tallahassee in the future to
10 ask the Commission to settle disputes as circumstances
11 change.

12

13 Q. What do you have to say about Mr. Daniel's testimony
14 regarding the building of "alternate feeds to provide
15 better reliability" as being unnecessary duplication?

16 A. I believe that he is referring to having the capability
17 to provide for sectionalizing and switchability between
18 different feeders, which in some instances can be the
19 most economic choice among the available options to
20 provide the needed reliability. GCEC frequently boasts
21 about its reliability because of their switchability. I
22 would like to cite an example, which just happens to be
23 in the so-called "disputed area" where switchability
24 between substations was, by far, the economic choice.

25

In 1971, Gulf Power was in the process of

1 developing a plan to provide service to Deltona's
2 proposed Sunny Hills retirement development in
3 Washington County. Because of the potential ultimate
4 growth for this development at that time, it was
5 determined that the primary voltage level should be 25kV
6 as opposed to Gulf Power's standard distribution voltage
7 of 12.47kV. The question of how to provide back up for
8 the 115/25 kv transformer in the event of a failure was
9 a key element in this situation since this would be the
10 only such transformer in Gulf Power's system. It was
11 decided that it was much more economical to purchase a
12 12.47/25 kV autotransformer to be powered from the
13 Vernon Substation and install a 25kV feeder to provide
14 service in the undeveloped areas along C.R. 279 that
15 would extend to Sunny Hills and could serve as back up
16 for either substation in the event of a transformer
17 failure. This plan was put into place with the intent
18 that as the loads grew in the area to the extent that
19 either of the transformers, including the
20 autotransformer, became insufficient, that an evaluation
21 of the situation in the area would be made at that time
22 to determine what the economic choice would be for the
23 future. As a result of a lower than expected growth
24 rate in the Sunny Hills development, this system

1 remained adequate until it was recognized that changes
2 in the Vernon distribution system warranted a possible
3 major upgrade.

4 In 1989, an analysis showed there were concerns of
5 voltage level adequacy and load growth in the area that
6 would soon exceed the transformer capacity in the Vernon
7 substation. It was decided to permanently install a
8 115/25 kV transformer in Vernon and convert the
9 distribution system to 25kV. This not only solved the
10 voltage level problems, but also eliminated the need for
11 some conductor replacements that would have been needed
12 over the next few years had the system continued to be
13 operated at 12.47kV. The decisions made regarding Sunny
14 Hills and Vernon, while providing adequate reliability
15 for the area, have also been the most cost effective
16 options to take care of the various potential problems
17 that could arise.

18
19 Q. Mr. Pope, what about the adequacy and reliability of the
20 distribution system in the disputed area?

21 A. Gulf Power's main backbone feeder system in the so-
22 called "disputed area" is more than adequate to provide
23 reliable service to the area.

24 It is more important to determine who should serve
25 which customers by virtue of having lower costs.

1 Depending on the circumstances in each case, sometimes
2 the answer will be Gulf Power and sometimes it is going
3 to be GCEC. This is, once again, why I have a hard time
4 understanding Mr. Daniel's claim that both companies are
5 engaging in expansion that is termed unnecessary
6 duplication because we allegedly plan to serve the same
7 customers. Neither utility should be constructing
8 facilities in the absence of a bona fide need when to do
9 so is nothing more than an attempt to force the other
10 utility out. In those undeveloped pockets of the area,
11 the company having the least cost of service should be
12 allowed the opportunity to extend its facilities to
13 provide service in line with the gradual and natural
14 growth pattern of this area. As mentioned before, Gulf
15 Power does not support the practice of spending
16 unnecessary money to secure service territory with the
17 hopes of picking up the customers that rightly should be
18 served by another competing utility and to do so would
19 be economically inefficient. Gulf Power believes that
20 utilities should be allowed to fairly compete for new
21 business when it makes good economic sense. In Gulf
22 Power's view, the definition of specific service areas
23 by placing lines on the ground unfairly limits

1 competition and the customer's flexibility to choose the
2 lowest cost alternative.

3

4 Q. Mr. Pope do you have any comments about Mr. Daniel's
5 testimony on page 13 where he states that uneconomic
6 duplication occurs "when facilities are planned to serve
7 all the load in an area rather than that actually shared
8 between the utilities?"

9 A. Yes. Mr. Daniel continues to paint the picture that
10 absent lines on the ground, the utilities will continue
11 to compete and construct wastefully and end up with more
12 facilities than is necessary. This is just not the
13 case.

14 As I mentioned earlier, our expansion in this area
15 is driven by specific requests to provide service for
16 which we respond with specific construction to meet the
17 need. Once again, the Gulf Power is not in the posture
18 of building facilities for the sake of "maybe" getting
19 to serve some future customers. We view this practice as
20 being financially wasteful. This is why Gulf Power
21 believes that to further limit new customers' options by
22 placing lines on the ground is the wrong approach to
23 resolving this or any other territorial issue.

24 One can easily see by looking at maps of Washington

1 and Bay Counties that there are vast areas of
2 undeveloped property where neither utility has any
3 facilities for miles. Placing lines on the ground at
4 this time would be unproductive and meaningless since
5 future growth in this area is totally unknown. It is in
6 these areas where allowing for expansion of facilities
7 in a natural order makes the most sense. Consider that
8 lines were placed on the ground with facilities of each
9 utility a number of miles away. Then, sometime in the
10 future the first customer locates 500 feet away from the
11 line in Company A's territory, requiring Company A to
12 construct three miles of new distribution line to serve
13 the customer. Then later, another customer locates 500
14 feet from the line in Company B's territory, is it the
15 logical and cost effective thing to do for Company B to
16 construct three miles of new distribution line to serve
17 this customer in lieu of Company A only having to
18 construct 1,000 feet? No, that would be economically
19 inefficient.

20
21 Q. Do you see any problems with not having specific
22 territories defined by lines on the ground?

23 A. Yes. The absence of lines on the ground is not to be
24 the signal for a utility to construct facilities into
25 developed or undeveloped areas in the absence of a bona

1 fide request for electric service in order to secure
2 territory. This would be a blatant exercise of
3 unnecessary and uneconomic construction and would
4 unfairly penalize that company's existing and future
5 customers. Gulf Power would propose and honor a
6 prohibition of such unnecessary construction of
7 facilities, particularly any that would be built to
8 areas of undeveloped properties in the absence of a bona
9 fide request for electric service. This is incorporated
10 into Gulf Power's proposal for resolution in this
11 proceeding.

12
13 Q. What comments do you have about Mr. Daniel's exhibits
14 SPD-3 and SPD-5?

15 A. Although he uses data provided to FPSC staff on
16 August 12, 1996, he fails to point out that his
17 tabulation of GCEC's data on SPD-3 and SPD-5 are apples
18 to oranges comparisons and has misled the Commission
19 with his testimony. As Mr. Daniel states on Page 30 of
20 his testimony, he has taken information provided to him
21 by GCEC from the May 24, 1996 staff data request and
22 produced the transformer "available capacity" by
23 subtracting the substation load from the "fan rated"
24 substation transformer capacity. However, he fails to
25 state that of GCEC's, the only transformers that

1 currently has fans installed is one of the 7,500 kVA
2 transformers at Southport which is not even part of his
3 tabulation as presented on SPD-5. Mr. Daniel carries
4 this misrepresentation over to SPD-3 where he projects
5 the next five years of GCEC's "available capacity."

6 In order to more correctly represent the companies'
7 true transformer "available capacity," I have prepared
8 WFP-1 and WFP-2. The figures I tabulated for the
9 Company on exhibit WFP-1 come from total substation load
10 projections for 1996 through 2000, and actual
11 transformer data from Gulf Power's files. The
12 information I tabulated for GCEC is taken from
13 interrogatory responses where Gulf Power requested like
14 information from GCEC. Gulf Power requested each
15 substation's peak demand; however, GCEC gave the
16 substation demand at the time of Alabama Electric
17 Cooperative's coincident peak, which could be lower than
18 the substation's individual peak. Nonetheless, this
19 data is still useful in making the point that I intended
20 regarding Mr. Daniel's testimony since the substation
21 loading provided to Gulf Power in the interrogatory
22 response will be no smaller than the substation's
23 individual peak demand.

24 The substations where both companies may
25 potentially serve the same group of future customers and

1 are subject to competition, are limited to Gulf Power's
2 Vernon, Sunny Hills, Bay County, and Highland City
3 substations and GCEC's Crystal Lake, Fountain, and Bayou
4 George substations. One will also note that I have let
5 each substation stand alone to eliminate any potential
6 double counting of either load or transformer capacity
7 between areas.

8 The tabulation of Gulf Power's available
9 transformer capacity on WFP-1 reveals that there is no
10 need for capacity increases planned for any of these
11 substations over this period. One can easily see that
12 the available transformer capacity for the Vernon and
13 Sunny Hills substations, which are in an area where
14 considerable competition between the companies could
15 occur, is adequate for many years, even when back up to
16 either substation from the other is considered.

17 The tabulation of GCEC's available transformer
18 capacity on WFP-2 reveals that the capacities of GCEC's
19 substations is fairly slim and, in fact, the Crystal
20 Lake substation undergoes an upgrade by installing fans
21 in 1997. One can easily see that the available
22 transformer capacity for the Crystal Lake substation,
23 which is in an area where considerable competition
24 between the companies could occur, is much less than
25 that of Gulf Power's Sunny Hills and/or Vernon

1 substations.

2 As these exhibits demonstrate, in the areas where
3 competition between Gulf Power and GCEC could occur, the
4 substation capacities and feeder systems of Gulf Power
5 are of adequate size to meet the needs of these areas
6 for some years to come. One of the major reasons for
7 this is that the load growth in this area is relatively
8 small in comparison to metropolitan areas, the systems
9 in the rural areas are planned, designed, and
10 constructed to meet the long term needs of a sprawling
11 area, and there is an inherent natural sharing of
12 customers by virtue of proximity of facilities. It would
13 appear from these tables that if anyone is to have to
14 pay to upgrade facilities as a result of unexpected
15 higher customer growth, it will be GCEC, not Gulf Power.
16 It should also be pointed out that if there is
17 significant customer swapping in some of these areas, it
18 could cause GCEC to spend money to upgrade their
19 facilities much sooner than they had planned since their
20 variable transformemr capacity is so slim. As I
21 mentioned earlier, I cannot speak for how, specifically,
22 GCEC plans its distribution system expansion, but I do
23 know that Gulf Power Company does not engage in the
24 practice of planning and building unnecessary facilities
25 in order to serve all the potential customers in an area

1 of possible competition or to claim undeveloped service
2 territory. Gulf Power's policy is to construct what is
3 necessary to serve those customers that we believe are
4 ours to rightly serve once they have made a request for
5 service.

6

7 Q. How does the growth in the disputed area impact the
8 capacity resource needs of Gulf Power Company?

9 A. The amount of growth in the disputed area plays an
10 insignificant role in the capacity resource planning
11 process for the Company simply because of the size of
12 growth. The growth in demand of the disputed area could
13 increase by 300% or decrease to 0, and, under the
14 current plans have no impact on the type, amount, or
15 timing of Gulf Power's capacity resources over the next
16 seven years.

17

18 Q. Are there any conditions that could change in the
19 disputed area that would impact Gulf Power's
20 transmission system or the planning thereof?

21 A. Nothing in the disputed area could reasonably be
22 expected to change enough to have any impact on the
23 existing transmission system or Gulf Power's normal
24 plans for the future. As mentioned above, the growth in
25 the disputed area is rather gradual and Gulf Power's

1 transmission system is more than adequate to provide
2 service to the area for years to come. In reality,
3 transmission is not an issue with regard to adequate and
4 reliable service to the disputed area for either Gulf
5 Power or GCEC.

6
7 Q. Do you believe that lines on the ground would aid the
8 planning of the distribution system?

9 A. No. Irrespective of what might be alleged by GCEC,
10 having lines on the ground provides no benefit to
11 planning the distribution system in the disputed area.
12 The only knowledge we gain from lines on the ground is
13 to where our distribution system's expansions are
14 limited. One might argue that this does aid in the
15 planning of the system since each utility would know in
16 advance just where it could grow its system and where
17 not to build; however, such boundaries will not preclude
18 duplication of facilities. In some situations this will
19 not be the best for one utility or the other. A
20 utility's system should be allowed to grow naturally
21 with the location of new customers and not be bound by
22 lines drawn on the ground long before those customers
23 had any notion of locating in one place or another.

24 Consider for example, that lines have been placed
25 on the ground, some years pass by and then a new

1 subdivision is started with 75% of the plots in one
2 utility's area and the remainder in the other utility's
3 area. Let us also consider that one of the utilities
4 has adequate facilities adjacent to the new subdivision
5 and the other utility will have to extend a major feeder
6 two miles to reach the new subdivision. It would not
7 make sense to split these customers up between the
8 utilities just because there are lines on the ground.
9 If one utility has a significantly lower cost to provide
10 service to the new subdivision than the other utility
11 then it should be the service provider. However, if
12 there is not significant difference, then customer
13 choice should prevail. A utility cannot anticipate,
14 either with or without lines on the ground, that five
15 years from now ABC Developer is going to start a
16 subdivision over here so I am going to plan my
17 distribution system to meet its needs. As I mentioned
18 earlier, the growth in most of the area is gradual and
19 sporadic and placing lines on the ground is not going to
20 provide any benefit to the planning of the distribution
21 system. Most often the only construction necessary to
22 serve new growth in the area comes in the form of a
23 service drop. Once again, drawing lines on the ground
24 is not the best way to prescribe a territorial

1 agreement. The best way is to let the natural growth
2 pattern dictate the proper service provider. The only
3 factor that remains is for the companies to determine in
4 the specific cases who is the significantly lower costs
5 service provider.

6
7 Q. On Page 36 of his testimony, Mr. Daniel states five
8 reasons why he believes that the Commission should
9 establish a service boundary between Gulf Power and GCEC
10 that recognizes the historical service area of each.
11 What comments do you have regarding his statement?

12 A. I believe that his five reasons are just as valid for
13 not establishing specific service areas by placing lines
14 on the ground. Also, using historical service area as a
15 basis for establishing the lines can sometimes be fairly
16 clear, but in many instances will be extremely unclear.
17 The five reasons that Mr. Daniel believes justify the
18 establishment of service areas are (1) the large
19 geographic areas in question, (2) the uncertainty as to
20 where future consumers and load will materialize, (3)
21 the inability to accurately project the cost of
22 upgrading and constructing new facilities to serve new
23 customers, wherever they may be located, (4) the fact
24 that both utilities appear to have adequate system
25 capacity in the general areas in question, and (5) the

1 fact that the reliability of both GCEC and Gulf Power
2 has not been questioned.

3 The large size of the geographic areas in question
4 has nothing to do with promoting the idea of the need to
5 place lines on the ground. Just because the area of Bay
6 and Washington Counties is large does not say anything
7 about the benefits of lines on the ground. To the
8 contrary, the fact that the area is large implies that
9 there may be many benefits to letting nature run its
10 course and allow the growth itself to shape the future
11 electric supplier for the area. I do not see anything
12 in the size of the area that points to the need for
13 specific service areas based on historic service.

14 Likewise, the uncertainty of where future customers
15 and load will materialize has nothing to do with
16 justifying specific service areas. Putting lines on the
17 ground will not change customers' patterns of where they
18 decide to buy property and construct homes or
19 businesses. As consumers choose to build, if they are
20 near GCEC's facilities that are adequate to serve the
21 load, then GCEC should serve them. On the other hand,
22 if they locate near Gulf Power's facilities that are
23 adequate to serve the load, then Gulf Power should serve
24 them. This will allow for the natural growth of both
25 utilities' distribution systems without the future

1 administrative nightmare involved in revising service
2 boundaries as our systems grow.

3 I do not understand what "the inability to
4 accurately project the cost of upgrading and
5 constructing new facilities to serve new consumers,
6 wherever they may locate" has to do with the benefit of
7 having lines on the ground. If there were lines on the
8 ground, neither GCEC nor Gulf Power is going to say "I
9 am going to project the cost of building 2,000 feet of
10 new feeder over here next year to meet the new load
11 because that is where people are going to build houses."
12 No utility is going to get that precise when it comes to
13 projecting future growth in this area, but rather, as
14 mentioned earlier, as new customers locate or new
15 developments are established, we will build those
16 facilities necessary to serve them. Mr. Daniel would
17 lead you to believe that lines on the ground make it
18 possible to "accurately" project the cost of providing
19 adequate facilities to meet future growth. Reasonable
20 system planning neither requires nor supports the need
21 for such precision.

22 The fact that both utilities have an adequate and
23 reliable system in the areas has nothing to do with the
24 need for lines on the ground. The fact that GCEC and
25 Gulf Power have adequate and reliable systems means that

1 we are both ready and able to have our systems
2 economically grow with the natural growth in new
3 customers that locate near our respective facilities.
4 Putting lines on the ground does not make a utility's
5 system more or less adequate or reliable than the other.
6 Nowhere in Mr. Daniel's testimony does he draw a clear
7 conclusion as to why lines on the ground are justified
8 since both utilities have adequate and reliable
9 facilities in the areas. To the contrary, this supports
10 allowing customers to make a choice.

11 I see nothing in the five reasons listed by
12 Mr. Daniel that leads me to draw the conclusion that the
13 Commission should establish service areas based on
14 historic service. In many of the areas defined in this
15 proceeding, historic service can be rightly claimed by
16 both parties which will bring into play unnecessary
17 disputes in an attempt to place lines on the ground.
18 The major goal, whether there be a territorial agreement
19 or not, is the elimination of "further uneconomic
20 duplication of facilities." This has been in the
21 forefront of the Commission's charge to the utilities of
22 Florida since it has become involved in territorial
23 matters and this is where the focus should continue to
24 be. There had not been a territorial dispute between
25 GCEC and Gulf Power in over eleven years until this one

1 was filed because Gulf Power believed that GCEC
2 "uneconomically duplicated" our existing facilities in
3 order to serve the Washington County Correctional
4 Institute (WCCI). The focus of this proceeding should
5 be on the objective which is to eliminate future
6 uneconomic duplication of utility facilities and NOT to
7 place lines on the ground. Gulf Power contends that the
8 way in which these two utilities have functioned in the
9 past has not been a failure and does not need fixing.
10 Gulf Power also believes that the establishment of
11 specific, rigid service areas in South Washington County
12 and Bay County, no matter how they are determined, will
13 cause more disagreements and disputes in the future,
14 calling for more trips to the Commission to resolve
15 these squabbles, than if everything were left as it is
16 today.

17
18 Q. Do you have any concerns related to Mr. Bohrmann's
19 proposal to transfer some customers between Gulf Power
20 and GCEC in order to minimize future uneconomic
21 duplication?

22 A. Yes. I contend that transferring customers between our
23 companies is a waste of time, effort, and money. What
24 has already happened is done and no more effort should
25 be spent to change it for the sake of making things nice

1 and pretty. Our companies, as well as many others in
2 Florida, have existed under these circumstances without
3 feeling the urge to set things straight and should not
4 start now just because it would make the lines on the
5 ground completely separate our respective customers.

6 Furthermore, do not the customers have the right to
7 a one-time choice of their supplier or the continuance
8 of their electricity provider? I believe they should
9 have this right. I can just imagine what the current
10 Gulf Power customer would think when they are told that
11 as a result of some lines being placed on the ground to
12 denote service territory that they will now be served by
13 the more expensive GCEC. I believe that these customers
14 will pitch quite a fit. On the other hand, there would
15 probably be some delight expressed by the current GCEC
16 customers if they were to be informed that they will now
17 be served by a less expensive Gulf Power, which might
18 stir interest on the part of other GCEC customers and is
19 probably one of the underlying reasons that GCEC's Mr.
20 Daniel is not in favor of swapping customers as well.
21 Perhaps a more rational idea is to poll the customers in
22 natural "pockets" and if a significant majority in one
23 pocket wants to swap, let them. That would certainly
24 arouse less ire against this Commission than "government

1 dictated" swaps. I suggest there would be a significant
2 exodus from GCEC because of their higher rates.

3 However, the Commission may feel that they are
4 compelled to make a clean separation between Gulf Power
5 and GCEC in deciding this case. Although Gulf Power is
6 not in favor of this, if the Commission decides that in
7 order to do the right thing, that customers must be
8 swapped in order to be successful, then customer choice
9 should be the prevailing method of determining the swap
10 of customers in the commingled areas. Customers in the
11 area in question should be provided with all the facts
12 necessary to make an informed decision, including but
13 not limited to historical and current rate comparisons,
14 and then directed to call a toll-free number to place
15 their vote as to which utility they choose, with the
16 majority deciding their fate. The utility winning the
17 service will then make the necessary arrangements with
18 the other utility to swap or purchase the others
19 facilities in order to provide service. What facilities
20 are not needed by the successful utility to serve the
21 customers will then be removed by the losing utility at
22 its expense. Gulf Power still contends that swapping
23 customers is an uneconomic choice and not in the best
24 interest of the general group of customers, but if the

1 Commission is compelled to order a swap, the customers
2 should determine their own fate.

3 Q. Does this conclude your testimony?

4 A. Yes.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 930885-EU

Before me the undersigned authority, personally appeared William F. Pope who being first duly sworn, deposes, and says that he is the Coordinator of Bulk Power Planning for Gulf Power Company, a Maine corporation, that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.

William F. Pope

William F. Pope
Coordinator of Bulk Power Planning

Sworn to and subscribed before me this 19th day of December,

1996.

Linda C. Webb

Notary Public, State of Florida at Large



LINDA C. WEBB
Notary Public-State of FL
Comm. Exp: May 31, 1998
Comm. No: CC 362703

TABULATION OF GULF'S TRANSFORMER CAPACITY

YEAR	BAY COUNTY (13.75 MVA)		HIGHLAND CITY (30.8 MVA)		VERNON (11.6 MVA)		SUNNY HILLS (12 MVA)		TOTAL
	DEMAND	EXCESS CAPACITY	DEMAND	EXCESS CAPACITY	DEMAND	EXCESS CAPACITY	DEMAND	EXCESS CAPACITY	EXCESS CAPACITY
	1996	9.8	3.95	28.8	2.00	5.50	6.10	2.50	9.50
1997	10.8	2.95	29.6	1.20	5.70	5.90	2.60	9.40	19.45
1998	11.7	2.05	30.3	0.50	5.80	5.80	2.70	9.30	17.65
1999	12.4	1.35	26.7	4.10	6.00	5.60	2.70	9.30	20.35
2000	12.9	0.85	27.3	3.50	6.20	5.40	2.80	9.20	18.95

TABULATION OF GCEC's TRANSFORMER CAPACITY

YEAR	BAYOU GEORGE (8.0 MVA)		CRYSTAL LAKE (7.5 MVA) (a)		FOUNTAIN (7.5 MVA)		BAYOU GEORGE NORTH (10 MVA)		TOTAL
	DEMAND	EXCESS	DEMAND	EXCESS	DEMAND	EXCESS	DEMAND	EXCESS	EXCESS
		CAPACITY		CAPACITY		CAPACITY		CAPACITY	
1996	5.87	2.13	6.44	1.06	5.72	1.78	7.67	2.33	7.30
1997	6.14	1.86	6.70	2.68	6.02	1.48	7.81	2.19	8.21
1998	6.42	1.58	6.99	2.39	6.34	1.16	7.95	2.05	7.18
1999	6.72	1.28	7.29	2.09	6.67	0.83	8.09	1.91	6.11
2000	7.06	0.94	7.63	1.75	7.07	0.43	8.25	1.75	4.87

NOTES: (a) Crystal Lake substation has an upgrade from 7,500kVA to 9,375kVA by adding fans in 1997.