

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 010441-EU

In the Matter of
PETITION TO RESOLVE TERRITORIAL
DISPUTE WITH GULF POWER COMPANY
IN WASHINGTON COUNTY BY WEST
FLORIDA ELECTRIC COOPERATIVE
ASSOCIATION, INC.

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VOLUME 1

Pages 1 through 201

PROCEEDINGS: HEARING

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER LILA A. JABER
COMMISSIONER MICHAEL A. PALECKI

DATE: Wednesday, September 19, 2001

TIME: Commenced at 9:30 a.m.
Concluded at 11:20 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
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FLORIDA PUBLIC SERVICE COMMISSION

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4 Florida 32601, and FRANK BONDURANT, Post Office Box 854,
5 Marianna, Florida 32447, appearing on behalf West Florida
6 Electric Cooperative Association (WEST FLORIDA).

7 JEFFREY A. STONE and RUSSELL A. BADDERS, Beggs &
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10 of Gulf Power Company (GULF).

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12 Division of Legal Services, 2540 Shumard Oak Boulevard,
13 Tallahassee, Florida 32399-0870, appearing on behalf of the
14 Commission Staff.

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COMMISSIONER DEASON: Call the hearing to order.

Could I have the notice read, please.

MS. STERN: By notice issued by the Clerk of the Florida Public Service Commission, this time and place were set for a hearing in Docket 010441-EU.

COMMISSIONER DEASON: Take appearances.

MR. HASWELL: Yes. My name is John Haswell, I am here on behalf of West Florida Electric Cooperative Association, Inc., and I am with the firm of Chandler, Lang, Haswell and Cole at 211 Northeast 1st Street, Gainesville, Florida 32601.

MR. BONDURANT: My name is Frank Bondurant, I'm general counsel for West Florida Electric. I am with the firm of Bondurant and Fuqua in Marianna, Florida.

MR. STONE: I'm Jeffrey A. Stone of the law firm Beggs and Lane from Pensacola. With me is my partner, Russell A. Badders, and we are here today on behalf of Gulf Power Company.

MS. STERN: My name is Marlene Stern and I am representing the Commission staff.

COMMISSIONER DEASON: Well, I understand that we have some preliminary matters we need to address, not the least of which is a stipulation which has been entered into by the parties. Perhaps it would be beneficial for all and beneficial

1 to the record if we take just a moment and review that
2 stipulation. And I will allow Mr. Haswell and Mr. Stone,
3 either one, to give us a description of the stipulation.

4 MR. HASWELL: Yes, sir. As we agreed yesterday, each
5 party will make an opening statement no longer than ten
6 minutes. The prefiled direct and rebuttal testimony of all
7 witnesses will be inserted into the record as though read and
8 cross examination is waived. And that the witnesses need to
9 take the stand for purposes of giving a summary are also waived
10 except for the Witness Joe Perry of West Florida, who may be
11 called to the stand for the purpose of allowing Gulf Power to
12 move to strike portions of his testimony. If Gulf Power's
13 motion is granted, the remainder of Mr. Perry's testimony will
14 be treated the same as all other witnesses pursuant to
15 Paragraphs 2 and 4.

16 And, Jeff, I think we left off what happens if it is
17 not granted. Would you want to go ahead and proceed with --

18 MR. STONE: I will determine that after we know what
19 the result of the motion is.

20 MR. HASWELL: In other words, if the motion is
21 denied, he may or may not want to have him up and give a
22 summary and cross him. We acknowledge that the Commission
23 staff has limited questions. I am advised now that they do not
24 have any questions for Mr. Dunaway, but they do have a question
25 for Mr. Howell. Okay. And that the Commissioners may have

1 questions of these or other witnesses.

2 Following those questions, the parties will be
3 allowed to ask follow-up questions in the form of recross or
4 redirect. The recross or redirect will be limited in scope to
5 the subject matter of the answer -- excuse me, to the subject
6 matter and answer provided in response to the questions asked
7 by the Commission staff or Commissioners.

8 The depositions of Witnesses Anthony, Spangenberg,
9 and Howell, as signed, including any errata sheets, will be
10 identified as an exhibit at the hearing and admitted into
11 evidence. And the deposition of Chris Hilgert as signed by the
12 witness including any errata sheets and his letter of
13 transmittal to me will be identified as an exhibit and admitted
14 into evidence. And I have the original and 15 copies of that
15 with me today, plus additional copies for anybody who wants
16 them. Is that about it, Jeff?

17 MR. STONE: Yes. And the original of the stipulation
18 has been presented to the court reporter and could be marked as
19 an exhibit and entered into evidence in this proceeding.

20 MR. HASWELL: Right. I believe also Gulf Power's
21 witnesses need to be sworn to swear to their testimony, too.

22 COMMISSIONER DEASON: Okay. All right. Perhaps the
23 first order of business would then be to identify the
24 stipulation which Mr. Haswell just described and a copy of
25 which has been provided to the court reporter. We will

1 identify that as Exhibit Number 1. And without objection, show
2 that exhibit as being admitted into the record.

3 (Exhibit 1 marked for identification and admitted
4 into the record.)

5 COMMISSIONER DEASON: I note that we are going to
6 allow opening statements of no longer than ten minutes. If
7 there are no other preliminary matters, perhaps that would be
8 the best thing to do at this time would be to take the opening
9 statements.

10 Are there any other preliminary matters, Mr. Stone,
11 Mr. Haswell?

12 MR. HASWELL: No, sir.

13 MR. STONE: No, sir.

14 COMMISSIONER DEASON: Well, then let's proceed then
15 with the opening statements. Mr. Haswell, I believe it is your
16 petition?

17 MR. HASWELL: Yes, sir.

18 Thank you, Commissioners. This case is about an
19 effort by Gulf Power to provide electric service in and to the
20 historic service area and on the site of a current customer of
21 West Florida Electric Cooperative. What is remarkable and what
22 is a challenge to this Commission's rules, statutory
23 guidelines, precedent, and to territorial integrity as the very
24 site that is being served right now is being served by West
25 Florida.

1 What is the lay of the land here? What does this
2 site look like? The exhibits of Mr. Rimes and Mr. Clark are
3 telling. WR-1 and 2 show you the extent of West Florida's
4 service area, including Hinson Crossroads. Mr. Clark's
5 Exhibits GE-4, 5, 6, and 7, show that this is a 35-acre site
6 owned by Florida Gas Transmission since the early 1960s. And
7 as Mr. Clark's photographs show, it is occupied by a gas
8 compression station within a fenced area owned and operated by
9 FGT. West Florida has been serving FGT since the early '60s at
10 this site. Then look at GC-5 and you will see the relationship
11 of Station 13 to the additional equipment FGT is purchasing,
12 installing, and owning as additional compression capacity and
13 calling it Station 13A.

14 Gulf Power wants to define the disputed area as the
15 footprint of the equipment, two large electric motors that FGT
16 will own and operate. Mr. Spangenberg claims that electric
17 utilities serve customers, not geographic areas. But this
18 Commission by its own rules has defined territory as geographic
19 areas. Our state statute refers to territory, not customers.
20 And this Commission and the dispute between Gulf Power Company
21 and Gulf Coast Electric determined as a matter of law that
22 Chapter 366 speaks to territory, not customers.

23 Gulf Power's witnesses have confirmed that by adding
24 additional equipment they can serve additional load along the
25 six-mile extension into West Florida's service area. Hence,

1 West Florida is rightfully asserting that the disputed area is
2 a geographic area within a four-mile radius of Station 13.

3 Gulf Power claims that FGT is not the customer and
4 that Enron Compression Services is the customer. Well, let's
5 get real here and look at the admitted arrangement. First, FGT
6 tells FERC that it will own and operate the additional
7 compression capacity. Mr. Hilgert of Enron himself called it
8 incremental pressure over and above what is already available.
9 This is not a new site. FGT will own the motors. FGT ordered
10 the motors. FGT determined the size and specification of the
11 motors. FGT will operate the motors, FGT will maintain the
12 motors. Oh, yes, Florida Gas Transmission is leasing the
13 motors to ECS, but ECS turns around and restores the operation
14 and maintenance to Florida Gas Transmission. FGT owns or will
15 own the building and structures around the motors.

16 But whether FGT or ECS is the real customer is not
17 determinative because the site itself is served right now by
18 West Florida. It is West Florida's historic service area.
19 Gulf Power first agreed that it -- excuse me, first argued that
20 it was the only utility with transmission assets capable of
21 serving the site, but now concedes that West Florida with its
22 generation and transmission partner, Alabama Electric
23 Cooperative, has access to the 230 kV line.

24 Gulf Power has suggested that West Florida was
25 incapable of providing the service and can only do it if

1 Alabama Electric Cooperative joins in. West Florida is a
2 co-owner of AEC, and together with West Florida AEC will
3 provide the generation, transmission, and distribution service
4 just as Gulf Power does under one roof. Between the two, they
5 have all of the expertise, service, and capability to handle
6 this load and have done so with loads up to 100 megawatts.
7 Nearly twice the largest load of Gulf Power.

8 This is not a case of looking only at a section of
9 Chapter 366 on the maintenance of a statewide grid and avoiding
10 uneconomic duplication. This case is under the dispute
11 resolution provisions of Chapter 366.04, and the criteria used
12 by the Commission to resolve disputes. Uneconomic duplication
13 is but one aspect, not the controlling or determinative one.
14 Our witnesses have already said that while adding only the
15 facilities necessary just to serve the two motors will not
16 result in uneconomic duplication, service by Gulf Power can
17 lead to further uneconomic duplication if Gulf Power adds
18 equipment which it says it will do if a new load comes along
19 and requests service from Gulf.

20 And, furthermore, if West Florida provides the
21 service, there is an opportunity to make use of the additional
22 transformer to improve West Florida's reliability and save some
23 costs. This is not a case where everything is equal. Indeed,
24 there is an opportunity for a greater benefit to West Florida
25 by utilizing additional equipment. A benefit available to West

1 Florida, not to Gulf Power, because Gulf Power has no customers
2 in this area.

3 This is not an unusual or unique load that only Gulf
4 Power can serve. This is simply a case where a bunch of deals
5 have been made to attempt to convince you that this is a new
6 customer on a site never before served by anybody in no man's
7 land. This simply is not the case. There is a big hole in
8 Gulf Power's case. They have repeatedly said that the only
9 service they are providing is electric service to the terminals
10 of two motors and nothing else. But these motors will be in a
11 building, and there will be coolers installed, and obviously
12 there will be lighting and control switches and equipment that
13 cannot operate at the voltage supplied by Gulf.

14 The only conclusion that can be drawn, especially
15 after Mr. Hilgert says he doesn't know who will provide the
16 electric service, the additional electric service, and after
17 Mr. Howell says in his testimony that Gulf Power's service is
18 from the transformer directly to the terminals of those two
19 electric motors, and after Enron told West Florida that its
20 metered load at Station 13 would increase, it must be that
21 Florida Gas Transmission planned all along on extending its
22 internal electric system into the new building to operate this
23 ancillary equipment.

24 Enron is nothing more than an energy converter. And
25 it arranges and markets and packages natural gas compression

1 services. This is nothing more than FGT trying to arrange for
2 electric service through a third party and bypass its existing
3 power supplier. Enron, a leader in promoting retail wheeling,
4 Florida Gas Transmission, and Gulf want you to do what the
5 legislature has refused to authorize. They want you to
6 authorize customer choice and retail wheeling now in this case.
7 Not only would this be a departure from Commission policy and
8 rules, it would have no statutory authorization and would
9 authorize Gulf Power or any electric utility to reach into
10 anyone else's service area and take customers away.

11 FGT is trying to find a way to get a fixed price for
12 electricity. Gulf Power under its PX rate or any tariff cannot
13 guarantee a fixed rate or a capped rate. Neither can West
14 Florida. So they brought in a paper corporation, one that is
15 not regulated and it gets in between the customer and the
16 customer's existing power supplier, promises FGT a fixed rate
17 for power, and then makes a deal with Gulf Power, the terms of
18 which it claims are secret. This device could be used anywhere
19 in Florida to avoid existing law and policy.

20 This should not be allowed to stand, otherwise
21 utilities will be unable to properly plan their systems
22 prudently and far enough into the future to meet anticipated
23 load. When there is doubt as to whether they will ever get to
24 serve the new load, whether territory means nothing, and when a
25 lender may be reluctant to finance a utility unable to assure

1 the lender of the integrity of its service area. What Gulf
2 Power and ECS want you to do is not the policy of this state.

3 Finally, let's also be clear that while ECS claims it
4 is selling horsepower to Florida Gas Transmission, it is
5 electricity driving the train. It is power in and it is power
6 out. Perhaps that is why neither ECS nor FGT intervened in
7 this action and neither of them showed up on Gulf Power's
8 witness list. Thank you.

9 COMMISSIONER DEASON: Thank you. Mr. Stone.

10 MR. STONE: Commissioners, the relevant facts of this
11 case are quite simple. They lead to the right of the customer
12 in this case to choose Gulf Power as its electric supplier.
13 Enron Compression Services Company, ECS, is under contract to
14 provide a service to Florida Gas Transmission Company, FGT.
15 This service entails the delivery of mechanical energy to drive
16 new compressors on a gas lateral that is separate and apart
17 from the gas lateral served by existing compression facilities
18 in Washington County.

19 ECS's agreement with FGT requires ECS to provide this
20 mechanical energy via two new and very large electric motors to
21 be installed at a new compression station to be located in
22 Washington County. This new station is known as Station 13A.
23 It received its name due to the close proximity of an existing
24 compression station known as Station 13. The existing
25 compression equipment at Station 13 is natural gas-fired and

operates on a separate pipeline lateral from that which will be served by Station 13A.

FGT is the owner/operator of the existing and soon to be expanded natural pipeline system extending through Northwest Florida. FGT is an existing customer of West Florida Electric Cooperative at Station 13. The type of electric service that FGT takes from West Florida is 120-volt and/or 240-volt and it is provided by a 25 kV distribution line that is part of the local distribution system in the immediate area. The line extends from an AEC substation located approximately 14 miles away near Bonifay, Florida, in neighboring Holmes County. The facilities of either West Florida or Alabama Electric Cooperative stop at the FGT property line with the metering point for FGT service.

There are no West Florida or AEC facilities in the area capable of adequately serving this new load. West Florida's service to FGT at Station 13 is not in dispute, and will remain with West Florida despite the new electric service ECS has requested from Gulf Power. Hence, the only bona fide active dispute between the two utilities is over service to the new load for which ECS is responsible. There is no present nor immediately foreseeable dispute over which utility provides service within four miles of Station 13A, thus the disputed area is much narrower than West Florida apparently contends.

ECS has specific electric service requirements for

1 the two new electric motors that will make up the electric load
2 at Station 13A, and that is at the heart of this dispute. The
3 size of these motors, along with their starting and operating
4 characteristics, as well as ECS's specific reliability needs
5 dictates that service from the load side bus of a new
6 distribution substation served from a 230,000-volt source be
7 provided. 230,000 compared to the 115 or 240-volt system that
8 is currently serving FGT. Gulf Power owns and operates the
9 only 230 kV transmission lines in Washington County, with the
10 nearest tap point only six miles away from Station 13A.

11 Although West Florida through AEC can access Gulf's
12 230 kV system through compliance with the terms and conditions
13 of the Southern Electric System's open access transmission
14 tariff with the FERC. Such access presents a different
15 situation to ECS, the customer at the heart of this dispute.
16 With Gulf, ECS is dealing directly with the owner/operator of
17 the 230 kV source under a Florida Public Service Commission
18 approved rate schedule that provides the full bundle of
19 electric service, distribution, transmission, and generation.
20 There is no middleman.

21 Gulf Power has been providing electric service to
22 customers in Washington County for over 75 years. Since this
23 is Gulf's 75th anniversary year, that fact is quite
24 significant. You see, Gulf's very first electric service
25 customers when it began operating as a electric utility in 1926

1 were located in Washington County. Gulf has served the area
2 continuously since that beginning more than 75 years ago. Gulf
3 began working with ECS more than two and a half years ago in an
4 effort to bring this new electric load to Washington County.
5 Remember, the alternative is natural gas-fired compression.

6 After more than two years of efforts and discussions,
7 including Gulf's willingness to pre-engineer the project and
8 begin planning right-of-way and equipment acquisition before a
9 firm commitment to take electric service from Gulf was
10 received, ECS selected Gulf as its electric supplier at Station
11 13A. Under the circumstances of this case, ECS is entitled to
12 choose Gulf as its electric supplier at Station 13A. First,
13 ECS is a new electric service customer with new electric load
14 not previously served by any electric utility.

15 Second, ECS is a separate entity from FGT with
16 separate ownership. Its agreement with FGT shifts risk
17 associated with the electric motors at Station 13A from the
18 owners of FGT to the owners of ECS. Make no mistake, they are
19 not owned by the same entities.

20 Third, the existing electric system serving FGT
21 cannot be used to meet the service requirements of the two new
22 electric motors.

23 Fourth, the proposed new substation and related 230
24 kV transmission line tap and other related facilities will not
25 uneconomically duplicate any existing facilities of any

1 electric utility.

2 Fifth, Gulf Power has played an instrumental role in
3 helping Enron Compression Services Company bring this new
4 electric load to Washington County. Again, the alternative is
5 natural gas-fired compression.

6 Under the Commission's rule for resolving territorial
7 disputes, Rule 25-6.0441, Subparagraph 2, there are four
8 specific factors listed for the Commission's consideration.
9 They include the capability of each utility to provide reliable
10 electric service within the disputed area with its existing
11 facilities and the need to which additional facilities are
12 needed. That factor is not in dispute.

13 The second, the nature of the disputed area,
14 including population and the type of utility seeking to serve
15 it, and the degree of urbanization of the area and its
16 proximity to other urban areas and the present and reasonable
17 foreseeable future requirements of the area for other utility
18 services. Again, that factor is not in dispute.

19 C, the cost of each utility to provide distribution and
20 subtransmission facilities to the disputed area presently and
21 in the future.

22 And, finally, D, customer preference if all other factors
23 are substantially equal. I submit to you that under the
24 precedent established by the Florida Supreme Court in Gulf
25 Coast Electric Cooperative versus Clark only the fourth of

1 these specifically listed factors is relevant to this case.
2 The customer's preference for Gulf Power Company as its
3 electric supplier is clear. Under the circumstances of this
4 case, the Commission should honor the preference of Enron
5 Compression Services and allow Gulf Power to serve Station 13A.
6 Thank you for your time.

7 COMMISSIONER DEASON: Thank you. I assume staff has
8 no opening statement.

9 MS. STERN: No, we have no opening statement. But we
10 do have something that maybe should have been a preliminary
11 matter and would be appropriate to raise at this point.

12 COMMISSIONER DEASON: Very well.

13 MS. STERN: The stipulation, as a matter of procedure
14 we think it would be appropriate for the panel to make a ruling
15 on whether or not to accept the stipulation.

16 COMMISSIONER JABER: I move the stipulations on Page
17 14 and 15, Mr. Chairman.

18 COMMISSIONER DEASON: Okay. Well, first of all, we
19 have an Exhibit Number 1, which is a stipulation. You are
20 referring to this stipulation as well as the stipulations in
21 the prehearing order?

22 MS. STERN: Yes.

23 COMMISSIONER DEASON: Okay. Commissioner, you moved
24 the stipulations in the prehearing order, I believe Pages 14
25 and 15, do you also move the adoption of the stipulation which

1 comprises Exhibit Number 1?

2 COMMISSIONER JABER: Sure.

3 COMMISSIONER PALECKI: I second the motion.

4 COMMISSIONER DEASON: Moved and seconded. All in
5 favor say aye.

6 (Simultaneous affirmative vote.)

7 COMMISSIONER DEASON: Show that that motion is
8 approved and those stipulations are approved. Okay.

9 Mr. Stone, let me ask this question. All of the
10 witnesses that prefiled testimony, are they here today or not?

11 MR. STONE: All of Gulf's are.

12 MR. HASWELL: All of ours are except for Mr. Morgan
13 and Mr. Brooks, who we agreed did not have to be here.

14 COMMISSIONER DEASON: I'm sorry, who what?

15 MR. HASWELL: Who we agreed did not have to be here,
16 that their testimony in the prehearing order was stated by an
17 asterisk next to the names, that they did not have to be here.
18 All of our testimony already is sworn to.

19 COMMISSIONER DEASON: Already sworn to. That is the
20 purpose of my question is to find out which witnesses we need
21 to swear in at this point.

22 Mr. Stone, your witnesses need to be sworn, is that
23 correct?

24 MR. STONE: Yes, please.

25 COMMISSIONER DEASON: I will ask then all of the Gulf

1 Power witnesses please stand and raise your right hand.

2 (Witnesses sworn.)

3 MR. STONE: Commissioner, if I may, with the three
4 witnesses still standing, or standing once again, I would
5 identify them for the record as Tim Anthony, Bill Howell, and
6 Ted Spangenberg, and I would ask that they respond collectively
7 to the following question.

8 You have previously been sworn. Is the testimony
9 which is prefiled in your name, both direct and rebuttal, true
10 and correct to the best of your knowledge?

11 (Witnesses respond collectively.)

12 May the record reflect that each of the witnesses
13 have affirmed that their testimony is true and correct.

14 COMMISSIONER DEASON: Very well.

15 MR. HASWELL: If there is any question that the
16 Commission thinks that the West Florida folks need to do that,
17 we will be happy to do it.

18 COMMISSIONER DEASON: I don't think there is any
19 need. But, staff, is there any need to go through that
20 exercise?

21 MS. STERN: No, we don't think so.

22 COMMISSIONER DEASON: Commissioners, do you? No. I
23 think everybody is satisfied. There are affidavits
24 accompanying the testimony, correct?

25 MR. HASWELL: Yes.

1 COMMISSIONER DEASON: I would propose at this point
2 that we proceed through the witness list which is contained in
3 the prehearing order. And to the extent that certain witnesses
4 are subject to motions or if they need to take the stand for
5 questions, we will deal with that as we come to each witness.
6 Is that satisfactory?

7 MR. STONE: It is with Gulf.

8 MR. HASWELL: That's fine.

9 COMMISSIONER DEASON: Very well. I am referring to
10 page -- well, actually starting on Page 5 of the prehearing
11 order and then continuing on to Page 6. The first listed
12 witness is Witness Rimes. And we will have that testimony
13 inserted into the record, and if there are exhibits which need
14 to be identified, we need to do that at this time.

15 MR. HASWELL: Yes, Commissioner, there are exhibits
16 that are referred to on the exhibit list. WR-1, 2, and 3.

17 COMMISSIONER DEASON: I'm sorry, WR-1 through 3 will
18 be identified as Composite Exhibit Number 2. And without
19 objection, those exhibits are admitted.

20 (Composite Exhibit 2 marked for identification and
21 admitted into evidence.)

1 West Florida Electric Cooperative Association, Inc.
2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 William S. Rimes
5 Docket No. 010441-EU
6 Date of Filing: July 30, 2001
7

8 Q. Would you please state your name and business address?

9 A. My name is William S. Rimes and my business address is
10 5282 Peanut Road, Post Office Box 127, Graceville, Florida
11 32440.

12 Q. What is your current occupation?

13 A. I am the Executive Vice President and CEO of West Florida
14 Electric Cooperative Association, Inc., with headquarters in
15 Graceville, Florida. I have been employed with West Florida
16 since March 1997.

17 Q. Please summarize your educational background.

18 A. I am a graduate of the following major universities/schools:
19 1963, University of South Carolina; B.S., Business
20 Management; 1975, Industrial College of the Armed Forces,
21 Washington, D.C.; 1981, Troy State University; M.S., Public
22 Administration; 1983, Air War College (Senior Service School
23 - Armed Forces); Maxwell AFB, Alabama; M.S. International
24 Affairs.

25 Q. Please summarize your professional background.

1 A. From 1959 - 1963, I was an Apprentice Lineman/Electrician in
2 Savannah, Georgia and in Columbia, South Carolina. From
3 1963 - 1993, I served in the United States Air Force and
4 retired in 1993 as a Full Colonel. I was commissioned in May
5 1963 and entered pilot training in July 1963. I served as
6 Director of Logistics and supervised a work force of over
7 5,200 personnel, responsible for all aspects of aircraft
8 maintenance (185 aircraft, approximate value of \$6.5 billion);
9 supply with a \$.9 billion inventory, transportation with over
10 2,600 vehicles; base procurement, fuels, logistics plans and all
11 unit mobility/deployments in support of national defense such
12 as the Desert Storm and Desert Shield operations. From
13 1991 - 1992, I was Deputy Base Commander of Eglin AFB in
14 Florida. I was a Director of Logistics from Base Level to the
15 Pentagon at various locations throughout the world. I served
16 in various combat roles including Vietnam from 1968 to 1969
17 and 74 combat missions over Vietnam and Laos; the Arab-
18 Israeli War in 1973; Operation "Just Cause" in 1990 in
19 Panama; and Desert Storm/Desert Shield in 1990-1991. In
20 1976, I also served a short-tour of duty as a military aide in the
21 White House.

22 Q. Following your military career, what did you do?

23 A. From 1994 - 1996, I served as City Manager of Graceville,
24 Florida, and was responsible for the day-to-day operations of
25 a city with 2,600 people, 40 employees with an annual budget

1 of more than \$6 million. From 1996 - 1997, I served as
2 Executive Director of the Jackson County Development
3 Council (JCDC), in Marianna, Florida. The JCDC is the single
4 focal point for economic development for a rural county with
5 approximately 50,000 people. JCDC employs six people with
6 a \$2.9 million budget. It was the first Federal Rural Enterprise
7 Zone in the State of Florida. From 1997 to date, I have been
8 employed as Executive Vice President and CEO of West
9 Florida Electric Cooperative Association., Inc.

10 Q. Briefly state your involvement in the community served by
11 West Florida.

12 A. West Florida is a community and customer oriented company.
13 I have served the following organizations since becoming
14 West Florida's CEO: Campbellton-Graceville Hospital Board
15 of Directors; Alabama Electric Cooperative, Inc. Board of
16 Directors; Florida Electric Cooperatives Association Board of
17 Directors; Jackson County Development Council Board of
18 Directors; Marianna Leadership 2000 - Member; Opportunity
19 Florida Board of Directors (Eight-county coalition for economic
20 development); Early Childhood Services Board of Directors;
21 Jackson County Chamber of Commerce Board of Directors;
22 and the Graceville Chamber of Commerce Board of Directors.

23 Q. As CEO of West Florida, to whom do you report to?

24 A. I report to the nine-member Board of Trustees of West
25 Florida, which sets the policy and guidelines for the

1 cooperative. I am responsible for the overall day-to-day
2 operations and activities of the Cooperative.

3 Q. How long have you served as West Florida's CEO, and can
4 you give us some background of your service in the electrical
5 business?

6 A. I have continuously served as CEO of West Florida since my
7 employment in March 1997. However, my background as a
8 Deputy Commander for Eglin AFB, Florida where I was
9 responsible for the base's infrastructure needs, gave me an
10 extensive working knowledge of generation, distribution and
11 backup power requirements for the world's largest military
12 base. Additionally, I worked from 1957-1960 as an apprentice
13 electrician/lineman in Savannah, Georgia and Columbia,
14 South Carolina.

15 Q. What is West Florida's role and mission in its service area,
16 including the disputed area?

17 A. West Florida was created out of necessity by the people in the
18 unincorporated areas of Washington, Jackson, Calhoun and
19 Holmes Counties because there was no other way for them to
20 get electric service. The passage of the Rural Electrification
21 Act in 1936, led to the establishment of rural electric
22 cooperatives such as West Florida in 1937. It truly became
23 the dynamic force which carried rural America and northwest
24 Florida out of darkness. GPC and other investor owned, for
25 profit utilities at that time made a conscious decision not to

1 provide service to any rural area where they felt they could not
2 make a profit. It was simply an economic decision not to
3 serve the rural, low density areas of northwest Florida. And, I
4 believe that is still true today except in cases similar to this
5 territorial dispute.

6 Q. Why has GPC now decided to build over six miles of 230Kv
7 transmission line into an area historically served by West
8 Florida for more than 55 years when the nearest GPC
9 customer is over four direct line miles from the Hinson
10 Crossroads disputed area?

11 A. Clearly, GPC sees this load as profitable. If the "new"
12 customer was a farmer who wanted to put in a new well or
13 mobile home where Station 13A is located and if that farmer
14 asked for service from GPC, I seriously doubt GPC would
15 claim the right to provide the service.

16 Q. So, GPC is selective about what it claims are loads it has an
17 obligation to serve?

18 A. Yes, GPC "cherry picks" those commercial/industrial
19 customers in our area that give them new opportunities to
20 increase their market share and profitability, mostly at the
21 expense of the other rural residential customers and the
22 electric cooperatives. These "cherry picked" loads coupled
23 with a high percentage of their generation coming from coal-
24 fired units and our low density and poor load factor are key
25 reasons for our current residential rate difference. Yet, we

1 remain competitive with all the utilities in the state and

2 particularly with FP&L, FPC and TECO.

3 Q. Why did you file this territorial dispute?

4 A. It's territorial integrity. This disputed case alone could cost

5 this company well over \$250,000, however, to not file a

6 dispute and seek a Public Service Commission hearing would

7 bring "customer choice" to the state of Florida without the

8 approval of the Public Service Commission and allow IOUs

9 such as GPC "open access" to our key accounts. This is a

10 precedent setting case for all utilities in the state of Florida.

11 Simply put, if you have a transmission line across another

12 utility's territory, you could serve any load if the customer picks

13 you (customer choice). As far as we are concerned, we have

14 equal access to the 230Kv transmission line under the

15 Southern open access agreement and PSC authority and

16 that's how we plan to serve this load. If what GPC wants to do

17 is approved by the PSC, then there is no territorial integrity for

18 any electric utility.

19 Q. Give me some examples of these "cherry picked" loads or

20 attempts to cherry pick and why haven't you filed more

21 disputes or litigated these cases.

22 A. Here are few of the examples of "cherry picked" loads and a

23 little about their history: Bonifay Prison – West Florida had

24 historically served the property and received a request for

25 service from the Department of Corrections. DOC withdrew

1 their request from West Florida and chose GPC. Then, there
2 was the City of Sneads case. In February 1990, GPC made a
3 proposal to the City of Sneads to take over the existing
4 franchise held by West Florida. GPC did not have an existing
5 customer in the city. Another instance involved the Chipley
6 Mini-Warehouses – GPC built 11 spans of single-phase line to
7 serve a mini-storage facility that uses electricity to operate
8 eight street lights and one small unoccupied office. Their
9 justification was that the owner indicated he was going to build
10 conditioned storage units. This has not been done. As far as
11 we know, no CIAC was paid. West Florida had facilities on
12 site and three-phase service within 75 feet of the property.
13 This site is on a proposed 80-acre housing development.
14 And, then the Chipley Industrial Park. This facility was
15 formerly a small grass strip airport served by the cooperative.
16 The airport was closed. The cooperative was requested to
17 retire its service. Shortly thereafter, the industrial park was
18 opened with West Point Pepperell as its tenant. The park was
19 not in the city limits at that time. GPC built into the site. And,
20 the I-10/State Road 79 Intersection lights. West Florida
21 served the lights at the intersection of I-10 and SR 79 for over
22 ten years. During an upgrade a couple of years ago, service
23 to the new lights was awarded to GPC by the Florida
24 Department of Transportation.
25 What is ironic about this dispute and the other “cherry picked”

1 loads is a March 1999 call I received from a senior GPC
2 official implying that I might be involved in Appalachee
3 Correctional Institute's (ACI), Sneads, Florida attempt to
4 switch electrical providers from GPC to West Florida.
5 Apparently ACI officials had contacted the Florida Department
6 of Corrections about the possibility of this switching to West
7 Florida because of outage problems ACI had experienced with
8 GPC. I assured that official that I was not a party to this and I
9 recognized all the legal consequences if I tried to take this
10 customer from GPC. Furthermore, I informed GPC that we
11 had no intentions of trying to steal their customer.

12 Q. Do you have an exhibit that shows your service area?

13 A. Yes. Exhibit ____ (WR-1) shows our four-county service area
14 in northwest Florida. It's mostly rural with over 90% of our
15 customers being residential with a density of less than six
16 customers per mile.

17 Q. Do you have an exhibit that shows the disputed area and your
18 cooperative's service to it?

19 A. Yes, Exhibit ____ (WR-2) shows the Hinson Crossroads area
20 in Washington County, which West Florida has continuously
21 served since 1946. In fact, the President of our board, Mr.
22 John Worthington's grandfather, Mr. John Newton Lee's home
23 site is the current location of Florida Gas Transmission (FGT)
24 company's site 13 and the proposed FGT Phase V
25 Compressor Station No. 13A. He sold the land to FGT in

1 1957. Also, I have included as Exhibit ____ (WR-3) a copy of
2 a right-of-way easement from Mr. Lee for West Florida to
3 provide service to the site.

4 Q. Have you attempted to resolve this territorial dispute with GPC
5 prior to filing this litigation?

6 A. Yes, we have met on numerous occasions with GPC's senior
7 officials, made numerous proposals and received absolutely
8 no counter proposals. They were apparently willing to meet,
9 but made no offer or attempt to settle.

10 Q. Is there a geographic difference between FGT's current site
11 13 which you serve and the proposed FGT Phase V
12 Compression Station 13A?

13 A. No. They are absolutely the same. We currently serve site 13
14 and, according to Exhibit ____ (GC-5) , sponsored by Gary
15 Clark, 13A is practically superimposed over site 13.

16 Q. What has been your relationship with FGT/Enron prior to this
17 dispute?

18 A. They have been good customers of ours since 1962, at
19 Compression Station 13.

20 Q. When did you first learn of the FGT/Enron proposed Phase V
21 expansion project?

22 A. When GPC started purchasing the right-of-way for the six-
23 mile, 230Kv transmission line to sites 13/13A. I believe it was
24 in November 2000, I was contacted by some former
25 employees and my board president who lives adjacent to the

1 FGT Hinson Crossroads site.

2 Q. What action did you take?

3 A. We reviewed the AEC/West Florida proposal to serve this site.
4 Copies are contained at Exhibit ____ (RD-2) and Exhibit ____
5 (RD-4), sponsored by Russell Dunaway.

6 Also, we briefed our board in November 2000, coordinated our
7 findings with AEC and requested their assistance in obtaining
8 load specifications/characteristics from FGT/Enron. We then
9 followed-up with a series of letters to FGT/Enron requesting
10 needed load information which was essential to West Florida
11 and AEC prior to submitting a proposal to serve.

12 It was later learned, I believe in February 2001, they had
13 already signed a contract with GPC. Yet, they continued to
14 lead us along. I believe it's imperative that the PSC gain
15 access to the details of this contractual arrangement between
16 GPC and FGT/Enron.

17 Q. Has FGT/Enron expressed any concern about this case to
18 you?

19 A. Yes, they have. First, let me say that I would fully understand
20 the concern of any electric customer who saw two utilities
21 disputing who has the right to serve, while the customer is
22 building a project. Both GPC and West Florida assured
23 FGT/Enron that neither utility would stand in the way of service
24 to the customer. Whoever extends the service is merely doing
25 it at the risk of not being the ultimate provider.

- 1 Q. In responding to FGT/Enron's concerns, did you make it clear
2 that you regarded the site as West Florida's service area?
- 3 A. Yes, I did.
- 4 Q. And, what was their response?
- 5 A. FGT/Enron made it very clear that West Florida would regret
6 any action that slowed their project, informed me that they
7 already signed a contract with GPC, referred to our
8 cooperative as a "Yugo" dealership, and made it clear that
9 they believed that GPC was the only utility in the area when
10 they signed the contract with GPC.
- 11 Q. What electric cooperatives, municipalities and IOUs touch
12 your historic service area?
- 13 A. The cooperatives are Talquin, Gulf Coast, Chelco in Florida,
14 Wiregrass in Alabama and Flint River in Georgia. The
15 municipality is Blountstown. The IOUs are Florida Public
16 Utilities (Marianna) and GPC.
- 17 Q. In the last ten years, have you ever had a territorial dispute
18 with any of these utilities?
- 19 A. Only GPC. Unfortunately, we cannot afford to litigate every
20 dispute with GPC.
- 21 Q. Do you have a summary or any concluding remarks for the
22 Commissioners?
- 23 A. Yes. Please let me summarize. The disputed area around
24 Hinson Crossroads, including sites 13/13A is clearly within

1 West Florida's historic service area. We have served this site
2 since 1946, as well as the surrounding area. We have served
3 FGT at this site since 1962. GPC's nearest customer is over 4
4 miles away in a direct line and approximately 6 miles away by
5 road. West Florida has the ability to serve the customer's
6 requirement of 230Kv transmission service via the Southern
7 open access agreement. In fact, we would build the same six-
8 mile 230Kv transmission line that GPC's currently building,
9 perhaps even build it cheaper. GPC may have provided
10 Enron/ECS with erroneous information about our service
11 area, stating to them "that they were the only electrical
12 provider in the area." We have been anxious and willing to
13 serve the site's additional facilities. West Florida/AEC
14 submitted a proposal for a similar expansion to FGT/Enron in
15 1996 and follow-up attempts by West Florida/AEC in 2000-01
16 to seek information and load characteristics were ignored by
17 Enron/ECS. Load characteristics were not provided after
18 numerous requests both in writing and telephonic. In fact,
19 they continued to lead us on that information would be forth-
20 coming when in fact they had already signed a contract with
21 GPC. I am not an attorney, but I don't think I need to be to
22 conclude that the law has not changed in Florida on so called
23 customer choice. The highest court in this state has
24 repeatedly held that a customer has no right to choose his

- 1 electric supplier. What a customer has is the right to state a
2 preference, and only when, by PSC rule, all other things are
3 equal. They are not otherwise equal in this case.
- 4 If GPC is allowed to seize this load away from West Florida, it
5 will set a precedent of statewide impact on all utilities and
6 allow any utility to extend lines anywhere by ignoring service
7 areas and sanctioning the use of affiliates of a customer to get
8 around the prohibition of stealing customers from another
9 utility. We urge the Commission to stand behind its own
10 precedent, state law and decisions of the Florida Supreme
11 Court and confirm West Florida's right to continue to provide
12 electric service in its own historic service area.
- 13 Q. Does this conclude your direct testimony?
- 14 A Yes, it does.

1 COMMISSIONER DEASON: The next witness is Witness
2 Dunaway?

3 MR. HASWELL: Yes, sir. And I believe staff --
4 that's right, staff no longer has a question for Mr. Dunaway,
5 and his exhibits are RD-1 through RD-7.

6 COMMISSIONER DEASON: Exhibits RD-1 through 7
7 accompanying the testimony of Witness Dunaway will be
8 identified as Composite Exhibit 3 and shall be admitted, and
9 the prefiled testimony of Witness Dunaway will be inserted into
10 the record.

11 MR. HASWELL: Yes, sir, thank you.

12 (Composite Exhibit 3 marked for identification and
13 admitted into evidence.)
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1 West Florida Electric Cooperative Association, Inc.

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 Russell L. Dunaway

5 Docket No. 010441-EU

6 Date of Filing: July 30, 2001

7

8 Q. Please state your name, business address and occupation.

9 A. Russell L. Dunaway, P.O. Box 127, 5282 Peanut Rd., Graceville,
10 Florida. I am Vice President, Finance and Administration. I
11 received a B. A. Accounting, 1972 from the University of West
12 Florida.

13 Q. How long have you held your current position at West Florida?

14 A. I have been employed by West Florida for twenty-four years. I
15 have performed the responsibilities of Chief Financial Officer for
16 over twenty-two years and served as Interim CEO on two
17 occasions.

18 Q. What other positions have you held as a representative of West
19 Florida?

20 A. I served on the Board of Directors of Alabama Electric
21 Cooperative, Florida Electric Cooperative Association, Florida
22 Rural Electric Credit Union, Jackson County Chamber, Marianna
23 Chamber, Graceville Chamber and Graceville Economic
24 Development Council.

25 Q. Where were you employed prior to working at West Florida?

1 A. I was employed four years with the State of Florida, Office of the
2 Auditor General as an Auditor. I audited State Agencies, School
3 Boards, Junior Colleges and County elected officials.

4 Q. Would you provide some background on West Florida and
5 describe the retail services provided to your members?

6 A. West Florida was organized under Florida Statutes Chapter 425 in
7 1937 by residents of Calhoun, Holmes, Jackson, and Washington
8 counties to provide electricity to areas that Gulf Power Company
9 (GPC) and Florida Public Utility (FPU) deemed not profitable to
10 serve. West Florida is a member owned, non-profit organization
11 that distributes, at-cost, electricity to approximately 25,189
12 services located on over 4600 miles of electric distribution lines. In
13 addition to electric service, West Florida offers a variety of retail
14 services including, dial-up Internet service to 3,500 customers,
15 direct broadcast satellite systems, appliances, back-up
16 generators, and energy conservation programs.

17 Q. Where does West Florida buy power to distribute to its members?

18 A. West Florida is a member/owner of Alabama Electric Cooperative
19 (AEC), a generation and transmission cooperative located in
20 Andalusia, Alabama with a total utility plant of \$1.1 billion. AEC
21 provides wholesale power to 16 distribution cooperatives, four
22 municipalities and one industrial member. AEC's member owners
23 serve the electrical needs of more than 351,000 customers
24 located in 39 counties in Alabama and 10 counties in Northwest
25 Florida. West Florida's President, John E. Worthington and

1 William S. Rimes, West Florida's CEO, serve on the Board of
2 Directors of AEC. Mr. Rimes is currently serving as Chairman of
3 AEC's Finance Committee. West Florida has several million
4 dollars of equity in AEC and reports substantial contingent
5 liabilities on West Florida's financial statements as loan
6 guarantees for AEC to the USDA, Rural Utilities Services. (RUS)

7 Q. As an owner of AEC, is generation capacity and energy available
8 for all of West Florida's needs?

9 A. AEC operates 1200 MW of generation including coal fired,
10 combined cycle gas generation and hydro generating plants. An
11 additional 500 MW combined cycle plant is on schedule for
12 completion in December 2001. Approximately 500 MW of long-
13 term capacity is purchased from two utilities outside the state of
14 Alabama and regional spot energy markets are utilized. West
15 Florida has an all requirements contract with AEC for wholesale
16 power for a 35-year term. AEC will provide West Florida any level
17 of generation that is required to meet the needs of its members.

18 Q. Are you surprised that Gulf is attempting to serve a customer you
19 believe is an existing customer of West Florida?

20 A. No. Gulf has attempted this in the past. As Mr. Rimes notes in
21 his testimony, Gulf tried to take the whole city of Sneads in
22 February 1990, even though they did not have an existing
23 customer in the city. Exhibit _____ (RD-1) West Florida's
24 franchise agreement with Sneads was up for renewal. Sneads is
25 the largest municipality that West Florida serves. Gulf made an

1 elaborate proposal including rate comparisons, street lighting
2 services, economic development assistance, and energy
3 conservation programs, in an effort to take the electric system
4 from West Florida. The rate comparison Gulf included in the
5 proposal inaccurately overstated West Florida's residential rate.
6 There was a lengthy legal debate over several months between
7 our attorney, the city's attorney and the town council. The issue
8 caused some public relation problems for West Florida with the
9 community. The city council was ultimately convinced that Gulf did
10 not have the right to take West Florida's distribution system and
11 customers. The city could have entered into a franchise with Gulf,
12 but West Florida would retain ownership of its electric system and
13 continue to provide service to all existing customers and future
14 customers. Any uneconomic duplication of West Florida's electric
15 system by Gulf would be resolved by West Florida filing a dispute
16 with the FPSC.

17 Q. When an individual contacts you for electric service how do you
18 determine if West Florida should serve the customer?

19 A. Our Supervisor of Operations meets the customer at the location
20 and discusses the request for service. If the prospective
21 customer's point of service is clearly within another utility's service
22 area, we decline the request and recommend they contact the
23 other utility.

24 Q. Do you do this by some agreement or understanding with other
25 utilities like Gulf?

1 A. No. We have no agreement with Gulf and we do not discuss
2 individual requests for service with them. We simply follow a
3 common sense approach. If it would clearly be outside our
4 service area, we decline to serve it.

5 Q. Does West Florida have an obligation to serve a customer based
6 on the customer's request for electric service?

7 A. Yes. If the customer is in our service area, under RUS's area
8 coverage policy and the policy of our Board. No, if the customer is
9 clearly in the service area of another utility. As far as I know, a
10 prospective customer does not have the right to select an electric
11 service provider. He will be served by whatever utility serves the
12 area he is in.

13 Q. What is the basis for West Florida's assertion that it has the right
14 to access the same 230 kv line Gulf wants to use to distribute
15 power to FGT/Enron?

16 A. In 1983, Alabama Electric Cooperative planned to construct
17 transmission lines to serve West Florida's Altha, Grand Ridge and
18 Pittman substations. Gulf filed a petition alleging that AEC was
19 duplicating their transmission facilities and that West Florida
20 should not have the right to change wholesale power suppliers.
21 The Commission ruled that AEC could not build transmission lines
22 to sites currently served by Gulf. The ruling required Gulf to wheel
23 power for AEC as opposed to AEC paying Gulf's wholesale rate. It
24 also required AEC and Gulf to jointly plan transmission additions
25 in the Florida panhandle. To comply with this order, Gulf should

1 have coordinated the six-mile transmission extension with AEC
2 and allowed AEC to tap the 230 kv line to provide service to the
3 site or agreed to build the line and wheel power for AEC. In
4 addition, Gulf is obligated either by itself or through its parent
5 company, the Southern Company, to allow AEC, our wholesale
6 power supplier, access to the same 230kv facility as required by
7 agreement with the Southern Company and AEC and by FERC
8 rules.

9 Q. Has Gulf made an issue about West Florida's lack of interest in
10 serving the disputed load at Hinson's Crossroads?

11 A. Yes, it has. A major point of its declaratory statement petition, if
12 not the primary point, is that FGT/Enron chose Gulf because West
13 Florida expressed no interest.

14 Q. Was that true?

15 A. Not at all, West Florida, as Mr. Rimes also notes, has always been
16 anxious and willing to serve any new load at FGT/Enron's
17 compressor station site.

18 Q. So you did convey that interest to FGT/Enron?

19 A. Yes we did.

20 Q. Well then, can you tell us what conversations, documents,
21 correspondence or other communications took place between
22 West Florida, AEC and FGT/Enron over service to this site?

23 A. Yes, I can, based on my personal knowledge, our business
24 records and the testimony of Jim Brook at AEC.

25 Q. Please continue.

1 A. On November 20, 1995, Mr. David Brown, Director of Enron
2 Capital and Trade Resources (ETC) met with former West Florida
3 General Manager, Jerry W. Smith, and requested a proposal from
4 West Florida for electric service to a " new incremental drive and
5 compressor set at the FGT pumping station". A proposal was
6 prepared which included applicable rates for ETC taking delivery
7 at three possible voltage levels with substation ownership options.
8 West Florida and AEC mailed the proposal to Mr. Brown on
9 December 8, 1995. Exhibit _____(RD-2) is a copy of that
10 proposal. On January 2, 1996, Mr. Smith received a letter from Mr.
11 Brown requesting some clarification regarding West Florida's rate
12 proposal. He also asked, "since ECT's power cost requirements
13 for this project are already below the West Florida's rate estimates
14 included in your proposal, is it possible this adjustment (power
15 cost adjustment) not be passed through to ECT during the term of
16 any possible agreement?" Exhibit _____ (RD-3) is a copy of
17 Mr. Brown's letter. Mr. Brown copied the letter to Mr. Jim Brook,
18 AEC and Cheryl Perchal, and Paul Wielgus employees of Enron
19 Capital & Trade Resources. On January 16, 1996, Mr. Smith
20 responded to Mr. Brown's letter. Exhibit _____ (RD-4). This
21 letter clarified the rate proposed, substation ownership discounts
22 and included a response to Mr. Brown's request to eliminate the
23 flow through of the fuel cost adjustment. Mr. Smith showed that
24 AEC had a negative fuel cost adjustment for the preceding 10
25 years; therefore, the adjustment was in the customer's favor by

1 reducing the rate. Mr. Smith advised Mr. Brown to contact him for
2 further questions, or me in his absence.

3 On April 26, 1996, Ms. Cheryl Perchal, Vice President, Market
4 Analysis for ETC, called Mr. Smith, advised him she was the new
5 project manager. She told him the project was modified to include
6 additional motor load of 5,500HP.

7 On May 3, 1996, Mr. Smith mailed Ms. Perchal a new proposal
8 Exhibit _____ (RD-5), which outlined West Florida's
9 understating of the modified project description and a proposed
10 rate of 36.15 mills/kwh at 70.79% load factor. Enron would take
11 voltage at 69kv or above and own the substation. Contribution in
12 aid of construction of the transmission line would be negotiated
13 dependent on the number of years agreed to in the final contract
14 for electric service.

15 On June 5, 1996, Ms Perchal faxed Mr. Jim Brook, Vice President,
16 Marketing at AEC, an excerpt from a "power agreement with one
17 of our electric compressor stations that began operations late last
18 year" (1995). The agreement basically limited any increases to the
19 lesser of 3.5% or the percentage of any wholesale rate increase.

20 On June 6, 1996, Ms. Perchal faxed to Mr. Brook a draft of a
21 confidentiality agreement between ECT, AEC and West Florida.

22 On June 26, 1996, Ms. Perchal, Mr. Brook and Mr. Smith held a
23 conference to further discuss the rate and service agreement
24 issues regarding the project. On July 19, 1996, Mr. Brook faxed
25 Ms. Perchal a memo asking for additional clarification of the

1 proposed 3.5% cap, reopener provisions and possible price index
2 protection for West Florida.

3 Q. Were there any additional discussions or written communications
4 with ETC?

5 A. There was some discussion, however: the negotiations fizzled out
6 and eventually phone calls were not returned from the ETC staff.
7 In November 2000, a retired employee from West Florida who
8 lives at Hinson Cross Roads called his former supervisor and told
9 him Gulf was buying a right of way easement for a transmission
10 line to serve the FGT pumping station. We began immediately
11 requesting information from Enron to determine the status of their
12 electric service request.

13 Q. What process does West Florida use to change or add new
14 electric rates tariffs?

15 A. West Florida has not had an increase in rates since April 1, 1993.
16 The process we follow is to have a rate-consulting firm perform a
17 cost of service study and make recommendations on any changes
18 that are needed. The past two cost of service studies have been
19 completed by C.H Guernsey & Co. from Oklahoma City,
20 Oklahoma. They developed the rate changes implemented in
21 1993 and subsequently developed the Large Power Rate currently
22 used to serve the Jackson Correctional Institute.
23 After a study is completed, and the Board of Directors of West
24 Florida have approved the tariffs, they are submitted to the FPSC
25 and RUS for approval.

1 Q. Has the FPSC declined to approve a rate tariff in the past?

2 A. Yes. We submitted a Revised Large Power rate tariff for
3 customers over 5000 kva in 1993. The original Large Power rate
4 in effect prior to April 1, 1993, is shown as Exhibit _____ (RD-
5 6). We were instructed by Ms. Marge Meter of the rate department
6 of the FPSC to withdraw the rate until we had a customer
7 requiring that level of service. She stated that she would not
8 recommend the tariff for commission approval. West Florida
9 withdrew the tariff. Exhibit _____ (RD-7)

10 Q. Has Gulf suggested that West Florida is not capable of entering
11 into a firm contract with FGT/Enron and can not guarantee a firm
12 rate tariff for service to Station 13A?

13 A. Yes, it has. In its interrogatories to West Florida it is clear that
14 Gulf intends to try to show that because of West Florida's
15 democratic control by its member-owners, those members could
16 over-rule the management and board of trustees and alter or
17 amend any agreement with FGT/Enron.

18 Q. Well, in that regard, do members of West Florida have any
19 authority to vote on or implement rate changes?

20 A. No. The members of West Florida vote for their Board
21 representative and By-Law changes. Rate policy is established by
22 the Board of Directors of West Florida with final approval by RUS
23 and FPSC. Beginning in October 2000, all voting is conducted
24 with Mail-In Ballots. No official action is taken by the members at
25 the Annual Meeting other than the announcement of the election

1 results and normal reports on previous years operations.

2 Q. Has West Florida submitted a rate proposal to Enron to serve
3 Station 13A subsequent to the one mailed to Mr. David Brown on
4 December 8, 1995, and the second proposal mailed to Ms. Cheryl
5 Perchal on May 3, 1996?

6 A. No. Several letters were mailed to Florida Gas & Transmission
7 and Enron in December 2000, and January and March 2001,
8 requesting information. The one page of information received
9 showed an electrical load of 21,000 HP and twelve-month load
10 factor projections. The data was incorrect and did not disclose the
11 voltage delivery level required, substation configuration and
12 ownership plans, land availability for substation, future load
13 growth, possible load diversity and length of contract. The
14 information provided was not adequate for West Florida and AEC
15 to project a rate and commit to the \$6,000,0000 capital investment
16 needed to serve the customer. I don't think any utility would make
17 a proposal based on the amount of data furnished to West Florida
18 by John B. Gordon, Enron Compressor Services.

19 Q. Does this conclude your testimony?

20 A. Yes, it does at this time.

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1 MR. HASWELL: The next one is Gary F. Clark for West
2 Florida and he has Exhibits GC-1 through GC-9.

3 COMMISSIONER DEASON: The Exhibits GC-1 through 9
4 accompanying the testimony of Witness Clark will be identified
5 as Composite Exhibit 4 and shall be admitted without objection.
6 And the prefiled testimony of Witness Clark shall be inserted
7 into the record.

8 MR. HASWELL: Thank you, sir.

9 (Composite Exhibit 4 marked for identification and
10 admitted into the record.)
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1 West Florida Electric Cooperative Association, Inc.
2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Gary F. Clark
5 Docket No. 010441-EU
6 Date of Filing: July 30, 2001
7
8 Q. Would you please state your name and business address?
9 A. My name is Gary F. Clark and my business address is 5282
10 Peanut Road, Post Office Box 127, Graceville, Florida 32440.
11 Q. What is your current occupation?
12 A. I am the Vice President of Marketing and Member Services for
13 West Florida Electric Cooperative Association, Inc., with
14 headquarters in Graceville, Florida. I have been employed by
15 West Florida since August 1988.
16 Q. Please summarize your educational and professional background.
17 A. I have an Associates Degree from Chipola Jr. College. I have 13
18 years experience in the electric utility business, 10 of those years
19 at management level. I am a Certified Energy Manager through
20 the National Association of Energy Engineers. I am a member of
21 the Association of Energy Engineers. In addition, I am also a
22 member of several other professional associations. I am an
23 elected official serving on the Washington County School Board. I
24 am also a local business owner, as a managing partner in a chain
25 of 14 fast food restaurants. I have served for 11 years on the

1 Board of Directors of the Washington County Chamber of
2 Commerce. Three years as President, and currently as the
3 Chairman of the Economic Development Committee. I also
4 currently serve as the Chairman of the Board of Trustees of
5 Chipola Jr. College.

6 Q. What are your current responsibilities as Vice President of
7 Marketing and Member Services?

8 A. I oversee and direct the day-to-day operations of marketing,
9 member services, communications, public relations, governmental
10 affairs and economic development. In addition, I work closely with
11 other senior management staff to develop policy and corporate
12 strategy in the best interest of our 20,000 member owners.

13 Q. What is the purpose of your testimony?

14 A. To testify as to the nature of the service area involved in the
15 dispute with Gulf Power Company, to describe the historic service
16 area of the two utilities involved, the nature of the dispute, the
17 events that lead to this dispute, attempts at resolutions to this
18 dispute prior to the filing of any litigation, and other issues as
19 called upon.

20 Q. You are familiar, of course, with the Petition filed by West Florida
21 in Docket No. 010441-EU to resolve a dispute with Gulf Power
22 Company over electric service to a gas compression station near
23 Hinson's Crossroads.

24 A. Yes, I am, and I have provided some of the information that is
25 contained in the Petition.

1 Q. What has been your role in the dispute?

2 A. I have acted as the primary contact between all of the parties
3 involved in the dispute.

4 Q. And, who would those parties be?

5 A. West Florida Electric Cooperative Association, Inc., Gulf Power
6 Company, Alabama Electric Cooperative, Inc., Enron, and Florida
7 Gas Transmission.

8 Q. Would you please relate the events that lead to this dispute?

9 A. Yes. The events leading up to this dispute begin in 1995 when
10 West Florida was contacted by Enron about a new compressor
11 load that they were evaluating to use at the Hinson Crossroads
12 Station, which they identified as Station 13.

13 Q. How familiar are you with service to the Compressor Station 13?

14 A. Quite familiar. First, since 1995, I have served as the Manager of
15 Marketing and Development and have had responsibilities in the
16 area of economic development. Due to the fact that I live in
17 Washington County, most issues that came up in the Washington
18 County area I had first hand knowledge of and was kept informed
19 of, by then, General Manager Jerry Smith. In addition, I have
20 researched all of the Cooperative's files regarding our proposal in
21 1996 to Enron/FGT and have kept those documents in my custody
22 at the Cooperative.

23 Q. The documents you referred to are business records of West
24 Florida?

25 A. Yes. They are business records of West Florida, and I am a

1 custodian of those records.

2 Q. Please continue with your summary?

3 A. West Florida and Alabama Electric Cooperative, Inc.
4 corresponded with FGT for several months regarding the proposal
5 and then in June of 1996 discussion ceased. As I recall, Enron
6 indicated that they needed electricity in the two cent per kWh
7 range in order to make this project feasible. It was not until
8 November of 2000 that we became aware that Enron had decided
9 to pursue this option again. At this point I called Jim Brook at
10 Alabama Electric Cooperative, Inc. and asked if he had heard
11 from them regarding power for the station. Russell Dunaway will
12 address in greater detail events between 1995 and November
13 2000. My primary responsibility is to address matters that
14 occurred from November 2000 to the date of filing of the Petition
15 to resolve the dispute.

16 Q. Why did you call Alabama Electric Cooperative, Inc. to see if
17 Enron had requested power from you?

18 A. First, you must understand the relationship between Alabama
19 Electric Cooperative, Inc. and West Florida. West Florida is one
20 of 16 cooperatives in northwest Florida and south Alabama that
21 owns Alabama Electric Cooperative, Inc. Alabama Electric
22 Cooperative, Inc. is wholly owned by the members it serves just
23 as West Florida is wholly owned by its 20,000 member owners.
24 West Florida and the other cooperatives each have two
25 designated seats on the board of directors at Alabama Electric

1 Cooperative, Inc. Because it is not feasible for each of the
2 cooperatives to have staff designated to specific responsibilities
3 and experts in every subject area, we pool our resources and
4 utilize staff at Alabama Electric Cooperative, Inc. for certain
5 functions. They operate in many cases as an extension of West
6 Florida's staff. For example, Alabama Electric Cooperative, Inc.
7 has 4 staff persons devoted to full-time economic development for
8 the cooperatives. When we have a large project we simply pick
9 up the phone and call Alabama Electric Cooperative, Inc. and they
10 put a person on the project on our behalf, full-time, if necessary.
11 Alabama Electric Cooperative, Inc. has been assisting the
12 cooperatives with economic development since the late '80's. I
13 knew that Jim Brook had been involved in the initial proposal to
14 Enron and that Alabama Electric had numerous contacts at Enron
15 because of other gas deals. I thought that since they had
16 communicated with Jim in the past, and that they knew our
17 relationship, that they might contact him again.

18 Q. Please continue with your summary.

19 A. In November of 2000 a friend of mine informed me that he was
20 working at the Hinson Crossroads surveying a new right-of-way
21 for a Gulf Power transmission line to the Hinson Crossroads.
22 Further investigation revealed that indeed Gulf Power was
23 attempting to acquire right-of-way in this area. After discussing
24 this with our staff and board, I called Jim Brook with AEC and
25 asked him if he had been contacted by FGT about their expansion

1 plans. Jim was surprised that the issue had come up again and
2 informed me that no one had contacted him. He advised me that
3 he would make a few calls and see what he could find out. The
4 reason I called Jim Brook was because I remembered that he had
5 worked on this project in 1996 with WFEF former manager Jerry
6 Smith, when we made a proposal to serve this facility. Jim said
7 that he had received no contact from FGT/Enron, but that he
8 would call Mark Knippa and ask him what was going on. I then
9 asked Jim if he would assist WFEF in finding out why we were not
10 contacted and see if FGT/Enron was willing to discuss it's plans
11 with the cooperative. On December 6th I received an e-mail from
12 Jim Brook indicating that he had called Mark and that he had not
13 received a response. Later that morning I received another e-mail
14 from Jim stating that he had communicated with Frank diMont with
15 Enron and that they were planning an upgrade that consisted of 2-
16 12000 hp motors with a capacity factor of 1. Jim's memo also
17 indicated that according to Mr. DiMont, Gulf Power would be
18 serving the facility. On December 7th I received another e-mail
19 from Jim Brook indicating that John Gordon had called him back
20 and left information regarding the pumping station. This
21 information only added the estimated annual load factor to the
22 other information. On December 18th WFEF sent a certified letter
23 to FTG's Regional Manager, informing him that we needed more
24 information. Fearing that there might be a communication
25 breakdown we sent a similar letter to Mark Knippa on December

1 27th. Damon Morgan called me the first week in January and
2 played a recorded message that was left for him by David Fairley
3 of Enron. David's message indicated that a deal had already
4 been cut with Gulf and that it was a twenty year deal and that they
5 made a mistake by circumventing WFEC. On January 29th, I sent
6 a follow up letter to Mark Knippa advising him that we had still not
7 received enough information about the motors and load and that
8 we assumed by the lack of response that they had no intention of
9 supplying this information. It was also at this point that we put
10 them on notice of our intent to file a territorial dispute. Copies of
11 this letter were also sent to GPC. At this point we asked AEC to
12 assist us in trying to work with FGT/Enron since they had contacts
13 with the company and since any information needed would be
14 used by them as well. Damon Morgan agreed to take the lead on
15 this for WFEC and initiated numerous phone calls and visits with
16 Enron staff. In early March WFEC was advised by its counsel that
17 Enron and GPC had filed a joint petition for declaratory statement
18 regarding GPC's service to the facility. On March 6, WFEC sent
19 another letter to Mark Knippa at Enron advising him that this load
20 was rightfully WFEC's and that to date we have not received any
21 information regarding the proposed load. On March 14th I wrote
22 Ted Spangenberg with GPC a letter advising him of WFEC's
23 objection to GPC's territorial infringement and offered to meet with
24 him to discuss my concerns and to see if we could work out an
25 amicable solution see Exhibit _____ (GC-1). Following this letter

1 Enron initiated a conference call to AEC and WFEC to address
2 their concerns. A summary of the call is attached as Exhibit
3 _____ (GC-2). On March 21, I sent Ted another letter advising
4 him that WFEC would consider dropping its pursuit of this load in
5 exchange for a PSC approved territorial agreement that would
6 assign certain other loads that had expressed interest in being
7 served by the cooperative or loads that we believe were taken
8 unfairly by GPC but never challenged. WFEC attempted on
9 several occasions to negotiate a settlement of this dispute prior to
10 taking its pleas to the PSC. On each occasion GPC offered no
11 response to our offers to settle and offered no counter proposals.
12 On April 6th I received a response from Ted Spangenberg stating
13 that while GPC was interested in pursuing a territorial agreement,
14 that it could not in any way affect their deal with Enron. I met again
15 with Ted to exchange maps and ideas. Ted and I agreed to
16 continue discussions along the lines of the agreement with Chelco
17 and Gulf Coast. Ted agreed to forward me an electronic format of
18 both agreements. To date I have not received them. All contact
19 ceased at the point that we filed the territorial dispute. The main
20 point of my summary is to point out that we have been asking for
21 information on the proposed site since December 2000, and as of
22 the date we filed our dispute, we have heard nothing from them
23 that would provide us with that information.

24 Q. Have you yet received all the information from Enron to make a
25 concrete proposal?

1 A. No.

2 Q. Did you ever send Enron a proposal to serve the facility?

3 A. West Florida sent a proposal to Enron in 1996 to serve the facility.

4 We used the information that they provided at the time to make a
5 proposal. In regards to their recent request for a proposal, no sir.
6 We did not know what to propose. Until we received the discovery
7 last week we still did not even know the operating voltage of the
8 motors. The load was also considerably larger than the 1996
9 proposal.

10 Q. Enron claims that they repeatedly asked West Florida for a
11 proposal to serve the facility and assumed by no response that
12 you were not interested in serving the facility. Why didn't you just
13 send something?

14 A. We were receiving lots of conflicting information and nothing was
15 solid. They finally sent us a short description of the project via e-
16 mail. Exhibit _____ (GC-3). We could not make a decent
17 proposal based on this information. We actually drafted a
18 proposal with a lot of blanks left in it that we could fill in as soon as
19 we had solid data, but we never received the information we
20 requested. We later learned that GPC and Enron had already
21 signed a contract, yet they were still dragging us along saying that
22 we never sent them a proposal. In addition, we repeatedly sent
23 registered letters to Enron, reminding them that we needed more
24 data.

25 Q. Why did you need additional information?

1 A. We knew up front from our past experience that price was going to
2 be an issue. We wanted to make a fair proposal that would meet
3 their needs as well as to protect the other ratepayers. We
4 contacted our rate-consulting firm, CH Gurnsey and had them
5 begin some preliminary work in January 2001. It is our intention to
6 establish a new rate for this special class of customer.

7 Q. What prevented you from proceeding with the request for a new
8 rate?

9 A. We still didn't have sufficient information from Enron or GPC
10 regarding the voltage, transformer size, future loads, contract
11 terms, contributions in aid of construction, issues regarding who
12 would own the sub-station, etc. Enron has yet to give us the
13 information that we requested.

14 Q. Do you have a rate that FGT/Enron could take service under?

15 A. Yes, our large power rate is applicable to any customer whose
16 load is over 500 kva. Enron would certainly qualify. However,
17 with a load of this size we would, provided that we had all of the
18 information necessary, establish a new rate to fit the customer's
19 requirements that was fair for a high load factor, large industrial
20 user.

21 Q. Have you ever submitted a rate for a large high load customer?

22 A. Yes, we did. We filed one several years ago with the
23 Commission, but were told by the Commission that we must first
24 have a customer in the class prior to filing a rate. Russell
25 Dunaway will go into more detail in his testimony.

1 Q. Why did West Florida feel that it was necessary to file a territorial
2 dispute?

3 A. We have been serving FGT at this location since approximately
4 1962. Over the years, we have worked cooperatively with FGT
5 personnel to insure that all of their energy needs were met. In
6 addition to serving this particular site we have served the Hinson
7 Crossroads since 1946. Several hundred residents depend on the
8 cooperative for everyday energy needs. Gulf Power has never
9 expressed any interest in servicing these low-density areas until
10 such a time comes that they become profitable. In the interest of
11 all 20,000 member owners of the cooperative, West Florida feels
12 strongly that it must protect its historical service area to continue
13 our efforts to achieve an average per consumer kWh consumption
14 that keeps overall average costs down and maintain and improve
15 our competitive position. This type of load has a much greater
16 positive economic impact on West Florida than it does for Gulf
17 Power. West Florida feels that once again its territorial rights have
18 been violated by GPC and only because there is now a profit
19 motive for GPC. Finally, West Florida feels that of the many
20 territorial violations we believe have occurred in the past few
21 years, this is the most flagrant.

22 Q. Would you please describe the area in dispute?

23 A. The area in dispute is essentially the area within a four-mile radius
24 of Hinson Crossroads, and the location of the site where FGT
25 owns and operates Station 13 is a 35-acre parcel on which Station

1 13-A will be constructed. In general, West Florida believes that
2 the disputed area is the area around what is known as Hinson
3 Crossroads. I would describe the area as remote and very rural.
4 There are approximately 390 services in the immediate area.
5 There are no stores, shops, industries or businesses of any kind
6 with the exception of FGT, a bait and tackle shop and a junkyard,
7 within 7 miles of the crossroads. The area is comprised mostly of
8 single-family residences, fishing camps and farming operations. I
9 have included a more detailed description of the area as Exhibit
10 _____ (GC-4).

11 Q. What is presently located on the 35-acre parcel known as Station
12 13?

13 A. From the visible evidence the site consist of several buildings,
14 pipes from the transmission lines, a parking lot, several large oak
15 trees all contained within a chain link fence.

16 Q. Where is Station 13-A that is alluded to in the Gulf Power/Enron
17 Petition for Declaratory Statement?

18 A. According to the diagrams obtained from the Environmental
19 Report that FGT filed with the Federal Energy Regulatory
20 Commission for its Phase V Expansion Project Exhibit _____
21 (GC-5), Station 13-A is located on the same 35-acre parcel and
22 physically joins Station 13. According to those diagrams, the two
23 facilities share all common facilities, including offices, parking lots,
24 driveways, and employees. An aerial view of the site is depicted
25 in my Exhibit _____ (GC-7). In my opinion, the sites are the

1 same. In addition, I have included current photos that I took of the
2 property and the surrounding area, which are included as a
3 composite in Exhibit _____ (GC-6).

4 Q. How far is Station 13 from proposed Station 13-A?

5 A. They are interconnected according to their diagrams.

6 Q. Where is the proposed substation to be located?

7 A. According to the diagram the substation is to be located adjacent
8 to the highway, on the property owned by FGT within the existing
9 fenced area.

10 Q. How far is this from Station 13?

11 A. Approximately 100 yards, maybe less.

12 Q. How far is this from the proposed Station 13-A?

13 A. It looks to be less than 100 yards.

14 Q. Who owns this 35-acre parcel of land?

15 A. West Florida employed a local independent title company,
16 Washington County Abstract, to do a title search on the property.
17 The property is titled to Florida Gas Transmission. A copy of the
18 report is attached as Exhibit _____ (GC-8).

19 Q. Do you know the history of this property prior to its conversion to a
20 pumping station?

21 A. Yes sir, after discussing this with our Board President, Mr. John
22 Worthington, who lives next door to the site, I determined that his
23 grandfather, John Newton Lee, is the one who sold this property
24 to FGT. This is backed up by the title report that we obtained. Mr.
25 Worthington's grandfather lived on this property and

1 resided there when West Florida first brought power to the area in
2 1946.

3 Q. So West Florida has provided electricity to this property for 55
4 years?

5 A. Yes, that is correct.

6 Q. What can you tell me about the current electrical facilities that
7 West Florida uses to serve FGT?

8 A. We have a three-phase service on that property now. See my
9 Exhibit _____ (WR-1).

10 Q. What is the current annual energy consumption of Station 13?

11 A. The facility has peak monthly kw demand of 159 kw and an
12 average monthly kWh usage of 39343 kWh. See my Exhibit
13 _____ (GC-9).

14 Q. Do you have any reason to believe that this will increase?

15 A. Yes sir. According to the correspondence from Enron, we should
16 see an increase in their consumption at Station 13.

17 Q. How close is Gulf Power with three-phase service?

18 A. According to their maps, about 9 miles.

19 Q. How close is Gulf Power to the site with single-phase service?

20 A. About 4 miles in a straight line, however, I clocked the distance
21 from their closest residential customer to my knowledge, and its
22 over 6 road miles to the proposed site.

23 Q. Is WFEF capable of providing adequate and reliable service to the
24 disputed area?

25 A. Yes, it is, and it has been doing so for many years prior to GPC's

1 intrusion.

2 Q. Does this conclude your testimony?

3 A. Yes, at this time.

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1 MR. HASWELL: The next is Jeff Parish for West
2 Florida, and his Exhibit Numbers JP-1 and JP-2.

3 COMMISSIONER DEASON: Exhibits JP-1 and 2
4 accompanying the prefiled testimony of Witness Parish shall be
5 identified as Composite Exhibit 5 and without objection shall
6 be admitted, and the prefiled testimony of Witness Parish shall
7 be inserted into the record.

8 (Composite Exhibit 5 marked for identification and
9 admitted into the record.)

1 West Florida Electric Cooperative Association, Inc.

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 Jeff Parish

5 Docket No. 010441-EU

6 Date of Filing: July 30, 2001

7

8 Q: Please state your name, business address and occupation.

9 A: My name is Jeff Parish, business address P. O. Box 550,
10 Andalusia, AL 36420. I am Vice President Bulk Power and
11 Delivery for Alabama Electric Cooperative, Inc. ("AEC").

12 Q: Please summarize your educational experience and professional
13 background.

14 A: I graduated from the Georgia Institute of Technology with a
15 Bachelor of Electrical Engineering degree in 1963. I have
16 background and experience in the electric utility industry in
17 distribution, transmission and generation. I was employed by
18 Choctawhatchee Electric Cooperative in DeFuniak Springs,
19 Florida, from 1970-1978 as its distribution engineer for the first few
20 months and then as General Manager for the remainder of the
21 time. I was employed by Southern Engineering Company in
22 Atlanta, Georgia, from late 1978 through mid-1991 and worked on
23 numerous projects involving generation and transmission for
24 cooperative and municipal clients, mostly in the eastern United
25 States. Some of that work was with Alabama Electric Cooperative.

1 During that time I testified before the Federal Energy Regulatory
2 Commission and this Commission. Since being with AEC in 1991,
3 I have been in charge of generation and transmission planning,
4 load forecasting, environmental permitting and compliance,
5 contracts with other utilities, and the energy control center. I also
6 testified in a Gulf Coast Electric Cooperative territorial dispute with
7 Gulf Power Company. I am a registered professional engineer in
8 Georgia, Mississippi, Alabama and Florida.

9 Q: What is the purpose of your testimony in this proceeding?

10 A: I will describe AEC's transmission arrangements including the
11 proposed service by AEC and West Florida Electric Cooperative
12 to the pumping load at FGT/Enron's Station 13-A.

13 Q: Please describe your overall transmission arrangements to serve
14 AEC's load.

15 A. AEC has over 2,100 miles of transmission line in Alabama and
16 Northwest Florida providing service to the 21 member systems of
17 AEC. Voltages include 46kV, 115kV, and 230kV. We serve about
18 55% of our member load from delivery points connected to our
19 transmission system. We are strongly interconnected with
20 Southern Company at several 230kV and 115kV interconnections.
21 We also utilize the Southern Company's Open Access
22 Transmission Tariff to serve about 45% of AEC's member load on
23 the Alabama Power and Gulf Power transmission systems. We
24 have an agreement with Southern Company effective January 1,
25 1999, titled Agreement for Network Integration Transmission

1 Service which is a ten year arrangement under Southern's Open
2 Access Transmission Tariff.

3 Q: Please describe your transmission arrangements with Gulf Power
4 prior to January 1, 1999.

5 A: AEC entered into an Interconnection Agreement with Gulf Power
6 dated August 1, 1985, including Service Schedule T for
7 transmission service, and began wheeling to member loads of
8 AEC over Gulf's system. That agreement was superceded
9 January 1, 1999, when AEC transitioned to the Southern
10 Company Open Access Transmission Tariff.

11 Q: What brought about the initial interconnection agreement and
12 wheeling agreement with Gulf Power?

13 A: A territorial complaint brought by Gulf Power Company against
14 AEC in 1983 was the impetus for the interconnection and
15 wheeling agreement.

16 Q: Please explain.

17 A: In 1983 AEC proposed to extend its transmission system in
18 Florida to directly serve certain member delivery points of West
19 Florida Electric Cooperative which at that time were receiving all
20 requirements wholesale power from Gulf Power. Gulf Power filed
21 a territorial dispute complaint against AEC on September 6, 1983,
22 before this Commission trying to prevent the construction by AEC
23 and to continue to provide wholesale power to certain delivery
24 points. An order was issued April 12, 1984, by the Commission.
25 The order found, "AEC has made the decision to supply its own

1 power to WF. This right to serve is not an issue. Given AEC's
2 decision, we must look to the alternative means by which that
3 power can be brought into Florida and then choose the least
4 costly option. This choice will be cost-effective for both WF's and
5 GPC's customers." The order further stated, "The goal of this
6 process is to work toward a coordinated, economic transmission
7 system in Northwest Florida." A subsequent order of the
8 commission was issued on December 21, 1984, and states, "On
9 June 25, 1984, the parties jointly filed a memorandum of
10 agreement stating that the most economical way for AEC's power
11 to be brought down to the three delivery points is through an
12 interconnection and wheeling agreement." The order also stated,
13 "It is, therefore, concluded that the Commission's authority to
14 order wheeling, pursuant to the Grid Bill, is not pre-empted by the
15 FERC." Finally, the order stated, "However, we also caution the
16 utilities that we have not mandated the interconnection and
17 wheeling agreement that the parties have agreed to, but instead
18 we merely are approving this arrangement based on our
19 realization that the parties' decision was well thought out and in
20 the best interest of their customers." In other words, Gulf Power
21 voluntarily agreed to enter into interconnection and wheeling
22 agreements as an alternative to AEC's building additional
23 transmission into Florida. AEC and Gulf subsequently entered into
24 an Interconnection Agreement dated August 1, 1985, with
25 attached Service Schedule T dated August 1, 1985, to begin

1 wheeling to the disputed West Florida Electric Cooperative
2 delivery points. Additional delivery points have been added over
3 the years. As I have indicated, this agreement was replaced
4 effective January 1, 1999, with service under the Southern Open
5 Access Transmission Tariff.

6 Q: What is the significance of this background?

7 A: There is a serious inconsistency in Gulf Power's position in that
8 case and in this one. There Gulf Power agreed to wheel for AEC
9 as an alternative to its building additional transmission lines into
10 Florida in 1985. But now in this case, Gulf appears reluctant to
11 wheel for AEC to serve this load and prevent uneconomic
12 duplication of facilities. Instead, Gulf appears to reverse its
13 position and to refuse to acknowledge that AEC is entitled to serve
14 this load through wheeling under the Southern Open Access
15 Transmission Tariff. In fact, in its original filing in this case (Joint
16 Petition for Declaratory Statement, February 26, 2001) Gulf
17 alleged that it is the only party capable of serving this load
18 because AEC did not have 230kV facilities nearby and would have
19 to build them from Alabama. This claim utterly ignores Southern's
20 obligation to wheel pursuant to its Open Access Transmission
21 Tariff. In this day of open access, it is distressing that a dominant
22 transmission owner would attempt to use its transmission
23 ownership improperly to gain a competitive advantage.

24 Q: Can you obtain transmission service under your open access
25 arrangement with Southern Company to serve the additional load

1 at Station 13-A?

2 A: Yes. We believe we can, even though Southern and Gulf have so
3 far been reluctant to acknowledge this obligation to wheel.

4 Q: What has been your experience obtaining new delivery points
5 from the transmission systems of Gulf and Alabama prior to taking
6 service under the Open Access Tariff and since?

7 A: We have added new delivery points routinely under our old
8 transmission arrangement with Alabama Power and Gulf Power
9 Company as well as new ones under the Southern Company
10 Open Access Transmission Tariff.

11 Q: What about loads such as this one in dispute?

12 A: One such situation came up in Alabama since we have been on
13 the Southern Open Access Transmission Tariff involving service
14 by one of our member systems to a new Honda auto
15 manufacturing facility near Talladega, Alabama. We applied for
16 transmission service to our member system in the process of its
17 efforts to serve the load. Southern stalled in providing answers
18 and studies and questioned whether it could be forced to wheel to
19 help our member to serve such a load, alleging that it might be
20 "retail wheeling." Southern finally agreed to provide the service we
21 requested.

22 Q: Does that experience lead you to believe that the same service
23 can or should be provided by Southern to serve this load at
24 Station 13-A for AEC and West Florida Electric Cooperative?

25 A: Yes.

1 Q: Have you applied to Southern for transmission service to this
2 load?

3 A: Yes. We made application for consideration of a new delivery
4 point for this load under our Southern Company Open Access
5 Tariff by letter dated March 8, 2001.

6 Q: What about the access issue?

7 A: As it did in the Honda situation, Southern's response to this load
8 raised the question of "retail wheeling" and whether it had to wheel
9 under the Tariff. We went through the same issues with Southern
10 on the Honda situation and they finally agreed to provide the
11 service. Here we wrote them on June 18, 2001, and challenged
12 their "retail wheeling" issue, Exhibit _____ (JP-1). We cited the
13 Honda situation in Alabama, virtually identical to this one in
14 Florida, where they initially raised the "retail wheeling" issue.
15 When we challenged Southern on this issue, its eventual
16 response was that Southern would provide the service. The
17 circumstances are the same in this case and Southern's response
18 of June 28, 2001, attached as Exhibit _____ (JP-2), states, "An
19 important issue in this determination seems to be whether AEC
20 may utilize transmission or distribution facilities that it owns or
21 controls to serve the Hinson's Crossroads retail load." Southern
22 alleges they consented in the Honda situation because "AEC
23 would own or control facilities and would qualify as an Eligible
24 Customer."

25 Q: What is your reaction to Southern's position?

1 A: It was Southern's position in the Honda situation all along that
2 AEC would have to build and own all of the new transmission
3 facilities, several miles of line, from the Alabama Power system to
4 serve the Honda load, and it was clear that AEC or its member
5 system would own the substation. Southern knew all along that
6 would be the case. Southern knows that AEC will own or control
7 the facilities constructed from Gulf Power's 230Kv system, but it
8 may be trying to keep an element of doubt about whether it will
9 provide this service. In any case, AEC stated at the pre-hearing
10 conference in the case, although Gulf Power is building the 230kV
11 line and substation to serve the load, AEC and West Florida, if
12 West Florida is awarded this load, would purchase those facilities
13 from Gulf and own and operate them. West Florida would own the
14 substation, and AEC would own the transmission. Based upon
15 Southern's letter of June 28, 2001, it seems clear that Southern
16 will have to acknowledge that it will provide the transmission
17 service under those circumstances.

18 Q: Are there other reasons in Southern's response that lead you to
19 believe Southern should or could provide this service?

20 A: Yes. Southern's June 28, 2001, letter also indicates that the
21 service could be provided "pursuant to a state requirement" or
22 "pursuant to a voluntary offer of such service by the Transmission
23 Provider." This Commission's December 21, 1984, order in the old
24 case that led to the AEC interconnection and wheeling agreement
25 with Gulf Power stated, "that the Commission's authority to order

1 wheeling, pursuant to the Grid Bill, is not preempted by the
2 FERC.” Finally, Gulf clearly may consent to the wheeling instead
3 of trying to use its transmission ownership position to preempt
4 service to this load.

5 Q: What further communications have you had with the Southern
6 transmission group?

7 A: We finally sent them another letter on July 18, 2001, providing
8 more details for them to study in connection with this service. We
9 analyzed the information provided in discovery by Gulf and Enron.
10 We learned that the service will apparently be from a radial single
11 circuit 230kV line and that Gulf Power expects to own the
12 substation. Gulf continued to stonewall on certain key items of
13 information. For example, Gulf refused to respond to West
14 Florida’s First Request for Production of Documents Items 13 and
15 14. Item 13 requested demand and energy by months for all years
16 of the contract with ECS. Gulf refused to supply it as “confidential,
17 proprietary, business information.” Of course, the load information
18 is important in a study request to evaluate the capability of the
19 transmission system to serve it reliably.

20 Q: Are there other reasons you needed the load information?

21 A: Yes. This information is needed by AEC and West Florida in
22 determining any evaluation of the economics of the load,
23 investment required, such as size and cost of substation
24 transformers, switches or circuit breakers, and whether or not to
25 request a contribution in aid of construction. Gulf Power's attorney

1 at the pre-hearing conference indicated that Gulf waived a
2 contribution in aid of construction because of commitments by
3 ECS to future load growth. However, Gulf refuses to provide the
4 initial or future loads expected at Station 13-A. This refusal has
5 the result of hindering study and testimony in this case. We
6 assumed a load of 18 MW in our transmission request to Southern
7 based upon information in the discovery and Gulf's demand that
8 West Florida calculate a rate based upon an 18 MW load.

9 Q: What did you request the Southern Company to study?

10 A: We asked Southern to study serving this load at 18 MW from Gulf
11 Power's nearby 230kV or 115kV lines. We also asked that it be
12 studied for across the line starting or reduced voltage starting of
13 the motors from Gulf Power's 115kV or 230kV system.

14 Q: Have you studied service for this load from the AEC system?

15 A: No.

16 Q: Why not?

17 A: AEC has a 115kV line in the area, but it is further away with, I
18 understand, more difficult right-of-way. It may very well be that this
19 load is difficult to serve from either Gulf Power's or AEC's 115kV
20 lines with that size load and starting characteristics. ECS has
21 signed a contract with Gulf. Gulf is proceeding with the 230kV
22 service. We can only assume that the service will be provided at
23 230kV. We have stated and state again that AEC is willing to
24 acquire Gulf's facilities and use them to serve the load while
25 wheeling through the Southern Company Open Access Tariff.

1 Q: Do you have any cost estimates for AEC service to this load?

2 A: No, for the same reasons. We have not estimated the cost to build
3 230kV from Alabama as Gulf apparently might contend that we
4 should. We have not estimated the cost to build from Gulf's 230kV
5 line or 115kV line. Neither have we estimated the cost to build
6 from AEC's nearby 115kV line. Gulf and ECS have made
7 commitments to the 230kV service, and we do not plan to interfere
8 with that. There is no reason service can't be provided by AEC if
9 Gulf Power completes those facilities in a timely manner.

10 Q: Do you agree with Southern's contentions in its letter of June 28,
11 2001, regarding the "retail wheeling" issue?

12 A: No.

13 Q: Why not?

14 A: There is no basis to argue that this is "retail wheeling." AEC
15 provides wholesale power to West Florida Electric Cooperative,
16 which includes generating capacity and energy as well as
17 transmission service. The transmission service may be provided
18 directly from AEC's facilities or wheeled through Southern. West
19 Florida Electric Cooperative is the wholesale customer of AEC.
20 This load would be a retail load of West Florida Electric
21 Cooperative. West Florida and AEC will own facilities between
22 the customer and the Southern/Gulf Power transmission facilities.

23 Q: Does this conclude your testimony?

24 A: Yes, up to this point. I may have additional points to make if Gulf
25 or FGT/Enron or ECS provides us with the information requested.

1 MR. STONE: The next witness is the testimony of
2 T. S. Anthony, and he has Exhibit TSA-1.

3 COMMISSIONER DEASON: Just so the record is clear,
4 the testimony -- my witness list indicates that the next
5 witness is Witness Perry. Is that testimony being withdrawn?

6 MR. HASWELL: Wait a minute. What list do I have
7 here?

8 MR. STONE: I was looking at the prehearing order.

9 MR. HASWELL: Something is wrong, quite frankly, with
10 mine, because your witnesses are missing off mine. Hang on
11 just a second. Oh, I know what I'm doing, I'm looking at the
12 exhibit list.

13 MR. STONE: I'm sorry, I was looking at the exhibit
14 list, as well.

15 COMMISSIONER DEASON: I believe the next -- according
16 to the prehearing order on Page 6 --

17 MR. HASWELL: The next one is Joseph E. Perry.

18 COMMISSIONER DEASON: That is correct.

19 MR. STONE: I have no objection to the direct
20 testimony of Mr. Perry.

21 COMMISSIONER DEASON: Okay. Well, we will deal with
22 the direct testimony, then.

23 MR. HASWELL: And if I am correct -- Joe, correct me
24 if I'm wrong -- I don't think Joe has any exhibits.

25 COMMISSIONER DEASON: And there are no exhibits

1 attached to the testimony, therefore no exhibits shall be
2 identified, and without objection -- and Mr. Stone indicates
3 there is no objection to the direct testimony -- the direct
4 testimony of Witness Perry shall be inserted into the record.

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1 West Florida Electric Cooperative Association, Inc.

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 Joseph E. Perry, III, P.E.

5 Docket No. 010441-EU

6 Date of Filing: July 30, 2001

7

8 Q. Would you please state your name and business address?

9 A. My name is Joseph E. Perry, III, P.E. and my business address is
10 2685 Millscott Drive, Decatur, Georgia 30033.

11 Q. By whom are you employed?

12 A. I am employed by Patterson & Dewar Engineers, Inc. as a
13 professional engineer, Vice President, and Chief Electrical
14 Engineer. I have worked for my employer since 1973.

15 Q. Could you please provide us with a summary of your educational
16 and professional background?

17 A. I am a graduate Engineer and received a B.S. Degree in Electrical
18 Engineering from Old Dominion University, Norfolk, Virginia in
19 1967. I also completed courses in Protective Relaying for Electric
20 Utilities at the Electrical Graduate School, Georgia Institute of
21 Technology, Atlanta, Georgia in 1979 and 1980. I am a
22 Professional Engineer and I am licensed in Alabama, Florida,
23 Georgia, Kentucky, Mississippi, North Carolina and Tennessee.

24 Q. Please briefly review your employment history.

25 A. In 1967 I was an Electrical Engineer at NASA Langley Research

1 Center, Hampton, Virginia; from 1968 to 1972 I was an Electrical
2 Engineer at the U.S. Air Force System's Command, Cape
3 Kennedy, Florida; from 1972 to 1973 I was a Systems Engineer at
4 Boeing's Atlanta Test Center at the Kennedy Space Center in
5 Florida; from 1973 to 1986 I was a Senior Electrical Engineer at
6 Patterson & Dewar Engineers, Inc.; and from 1986 to the present
7 time, I am Vice President and Chief Electrical Engineer at
8 Patterson & Dewar Engineers, Inc. I am a member of Pi Kappa
9 Phi National Fraternity; a Senior Member of the Power
10 Engineering Society of the Institute of Electrical & Electronic
11 Engineers (IEEE).

12 Q. What are your primary job functions?

13 A. I am a consulting electrical engineer for various electric
14 cooperatives in the Southeast, assisting in the following broad
15 areas: engineering planning, system load modeling and analysis,
16 economic justification of capital outlays, budgeting, system
17 mapping, substation design, equipment specifications, system
18 protection, construction contract development and bidding, load
19 forecast, motor starting calculations, support efforts for securing
20 loan capital, etc. At Patterson & Dewar, I am responsible for
21 engineering methods and procedures, standards and
22 specifications required for engineering consulting work.

23 Q. What is the purpose of your testimony?

24 A. The purpose of my testimony is to review the existing and planned
25 load to be served in the disputed area involved in the territorial

1 dispute between West Florida Electric Cooperative Association,
2 Inc. and Gulf Power Company in Docket No. 010441-EU.

3 Basically the staff has identified nine issues and my responsibility
4 is to address at least issues 3, 5 and 8.

5 Q. What is the existing and planned load to be served in the disputed
6 area prior to the discovery that FGT/Enron was planning on
7 adding additional capacity to its compressor station at Station 13?

8 A. The existing West Florida Electric Cooperative Association's
9 ("West Florida") load is approximately 3000 kw. The load is
10 projected to grow approximately 2% per year reaching the level of
11 4500 in the next 18 to 20 years.

12 Q. Are the planned electrical facility additions and other utility
13 services to be provided within the disputed area reasonably
14 expected to cause a decline in the reliability of the service to
15 existing and future utility customers of West Florida?

16 A. No, as the new Hinson Crossroads delivery point is being
17 constructed to serve exclusively the load requirements of the new
18 consumer and is not anticipated for the existing electric utility load
19 in related service area.

20 Q. Will the actions of either West Florida or Gulf Power Company
21 cause uneconomic duplication of electric facilities with regard to
22 serving the load in the disputed area?

23 A. Constructing a new Hinson Crossroad substation, including the
24 transmission and distribution lines associated with such a new
25 substation delivery point would not cause uneconomic duplication

1 of electric facilities. A new strong power source is required to
2 serve the new Enron load in question, and cannot be served
3 without the new facility.

4 Q. What is your relationship with West Florida Electric Cooperative
5 Association, Inc. ("WFEC") of Graceville, Florida?

6 A. I have been their consultant since approximately 1975 assisting
7 them as their professional client engineer performing the various
8 tasks indicated above on an "as needed" basis. I am thoroughly
9 familiar with WFEC's system both for their current, as well as their
10 long range needs. I completed their long range system study in
11 1992 and recently completed their 2001-2003 Construction Work
12 Plan identifying the needed projects and capital outlays for the
13 next three years.

14 Q. Are you familiar with Alabama Electric Cooperative, Inc. ("AEC") of
15 Andalusia, Alabama?

16 A. Yes. AEC is a generating and transmission ("G&T") cooperative
17 serving the electric supply needs to over 16 cooperatives, 4
18 municipalities and 1 industry. I have worked with them over the
19 last 25 years negotiating new delivery points, substation upratings,
20 and system protection schemes, and recloser control settings for
21 my clients. As a matter of fact, I was involved in the initial
22 decision of WFEC becoming a member of AEC back in the late
23 70's. I have been a part of their engineering planning meetings for
24 their member systems, and find the organization to be highly
25 professional, and very capable of providing whatever needs an

1 electric distributor may have. This is with my knowledge of other
2 G&T's in the states of Florida, Kentucky, Mississippi, and Georgia.

3 Q. Based on your knowledge and experience in dealing with West
4 Florida, understanding its system, its transmission and distribution
5 facilities, work plans and long-range planning, can you state
6 whether or not West Florida is currently providing adequate and
7 reliable service to its customers, and is capable of providing
8 adequate and reliable service to the FGT/Enron compressor
9 Station 13-A.

10 A. Yes. West Florida is currently providing adequate and reliable
11 service to its members, and with its power supplier AEC, will
12 definitely be capable of providing adequate and reliable service to
13 the FGT/Enron Station 13-A.

14 Q. Does this conclude your testimony?

15 A. Yes, at this time it does.

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1 MR. HASWELL: And then there is the Witnesses Damon
2 Morgan and James A. Brook, neither of which had exhibits.

3 COMMISSIONER DEASON: And that issue has gone away,
4 hasn't it, the issue which they address?

5 MR. HASWELL: Right. But we were not -- we agreed
6 that their testimony would go into the record as though read.

7 COMMISSIONER DEASON: Very well. Are there exhibits
8 accompanying the testimony?

9 MR. HASWELL: No, sir.

10 COMMISSIONER DEASON: Show then that the prefiled
11 testimony of Witnesses Morgan and Brook shall be inserted into
12 the record.

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1 West Florida Electric Cooperative Association, Inc.
2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Damon Morgan
5 Docket No. 010441-EU
6 Date of Filing: July 30, 2001
7

8 Q: Please state your name, business address and occupation.

9 A: My name is Damon Morgan and my business address is Post
10 Office Box 550, Andalusia, Alabama 36421.

11 Q: By whom are you employed?

12 A: Alabama Electric Cooperative, Inc.

13 Q: In what capacity are you employed by Alabama Electric
14 Cooperative, Inc.?

15 A: I am Vice President of Corporate Affairs.

16 Q: How long have you been employed by AEC?

17 A: Since 1982 when I joined as an Electrical Engineer. I was then
18 promoted to Distribution Engineer, Planning Engineer and System
19 Planning Manager prior to being named Director of Fuel
20 Procurement and Bulk Power Services in 1997. I was named Vice
21 President of Corporate Affairs in January 2000.

22 Q: Are you familiar with the territorial dispute between West Florida
23 Electric Cooperative, Inc. and Gulf Power Company regarding the
24 Hinson Crossroads area?

25 A: Yes, I am.

1 Q. Have you had the opportunity to review the testimony of Gary
2 Clark, which has been pre-filed in this action?

3 A. Yes, I have.

4 Q. Are the references that he makes in his testimony regarding
5 communications with you and information, correspondence and
6 documents that you have received from Enron, Enron
7 Compression Services, Florida Gas Transmission, and their
8 personnel accurately stated by Mr. Clark?

9 A. Yes, they are. Mr. Clark's testimony is a fair representation of
10 what I told him and furnished to him regarding the various
11 communications I had with Florida Gas Transmission, Enron, and
12 Enron Compression Services, particularly the voice mail message
13 that I transcribed and furnished a copy of to Mr. Clark.

14 Q. Does this conclude your testimony?

15 A. Yes, it does at this time.

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1 West Florida Electric Cooperative Association, Inc.

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 James A. Brook

5 Docket No. 010441-EU

6 Date of Filing: July 30, 2001

7

8 Q: Please state your name, business address and occupation.

9 A: My name is James A. Brook, Post Office Box 550, Andalusia,
10 Alabama 36420.

11 Q: By whom are you employed?

12 A: Alabama Electric Cooperative, Inc., as Vice President of
13 Marketing and Communications.

14 Q: How long have you been employed by AEC?

15 A: Since 1980 when I began as a Research Specialist within the
16 Economic Development Department. I have served as an
17 Industrial Development Representative before being appointed
18 Industrial Development Manager in 1986. In January 1993, I was
19 promoted to Director of Marketing and Communication, and later
20 promoted to Vice President, responsible for marketing,
21 communication, and information systems.

22 Q: Are you familiar with the territorial dispute between West Florida
23 Electric Cooperative Association, Inc. and Gulf Power Company
24 regarding the Hinson Crossroads area?

25 A: Yes, I am.

1 Q. Have you had the opportunity to review the Direct Testimony of
2 Gary Clarke and Russell Dunaway filed in this cause on behalf of
3 West Florida?

4 A. Yes, I have.

5 Q. Are the references by Mr. Clark and Mr. Dunaway in their
6 testimony to conversations they had with you and correspondence
7 between them and you, including the furnishing of documents
8 from you an accurate representation of what occurred?

9 A. Yes, Mr. Clark and Mr. Dunaway accurately and fairly testify
10 regarding what they and I discussed and documents and letters I
11 have received and furnished to them from the various parties as
12 stated in their testimony.

13 Q. Does this conclude your testimony?

14 A. Yes, it does at this time.

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1 COMMISSIONER DEASON: Mr. Stone.

2 MR. STONE: Now the next witness is T. S. Anthony,
3 and his exhibit is TSA-1.

4 COMMISSIONER DEASON: The Exhibit TSA-1 accompanying
5 the prefiled testimony of Witness Anthony shall be identified
6 as Composite Exhibit 6, and without objection shall be admitted
7 into the record. And the testimony shall be inserted into the
8 record.

9 (Composite Exhibit 6 marked for identification and
10 admitted into the record.)

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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony and Exhibit of

4 T.S. (Tim) Anthony

5 Docket No. 010441-EU

6 Territorial Dispute in Washington County – Enron Compression Services

7 Date of Filing: July 30, 2001

8

9 Q. Please state your name, address and occupation.

10 A. I am T. S. ("Tim") Anthony, Gulf Power Company ("Gulf Power"), One
11 Energy Place, Pensacola, Florida, 32520. I am Gulf Power Company's
12 Cogeneration & Special Contract Administrator.
13

14

15 Q. Please describe your professional background and experience.

16 A. I have a Bachelor's of Mechanical Engineering from Auburn University
17 and a Master's of Management from Troy State University. I have been
18 employed with Gulf Power for over 20 years with professional and/or
19 supervisory responsibilities in Power Generation Performance
20 Engineering, Power Generation Maintenance, Industrial Marketing,
21 Cogeneration, and Power Contracts.
22

23

24 Q. What is the purpose of your testimony?

25 A. The purpose of my testimony is to support Gulf Power's position in this
docket that the Enron Compression Services Company ("ECS") was
entitled to choose Gulf Power as the electric service provider for a new
electric compression facility to be built in Washington County, Florida. I
will discuss the time frame for discussions between Gulf Power and ECS
regarding electric service to this new load and the circumstances that

1 culminated in ECS choosing Gulf Power as the electric supplier for this
2 new load and ultimately to this territorial dispute. Additional details
3 regarding these circumstances will be provided by Gulf Power's other two
4 witnesses in this proceeding, M.W. Howell and T.S. Spangenberg.

5

6 Q. Do you have an exhibit to which you will refer in the course of your
7 testimony?

8 A. Yes. I have one exhibit consisting of a copy of the joint petition for
9 declaratory statement filed by Enron Compression Services Company and
10 Gulf Power Company in Docket No. 010265-EI.

11

12 Q. Have you prepared an exhibit that contains information to which you will
13 refer in your testimony?

14 A. Yes, I have.

15 Counsel: We ask that Mr. Anthony's Exhibit be marked as
16 Exhibit No. _____ (TSA-1).

17

18 Q. When did Gulf Power first learn that ECS was interested in securing
19 electric service for a new facility to be constructed in northwest Florida
20 and what did Gulf do after it was contacted by ECS?

21 A. To the best of my knowledge, Gulf Power was initially contacted by ECS
22 in April 1996. At that time we learned that ECS was working with its
23 customer, Florida Gas Transmission ("FGT"), on plans to provide a new
24 electric powered compression facility as an alternative to new natural gas
25 fired compressors on FGT's natural gas pipelines through northwest

1 Florida. In response to that contact, Gulf Power expressed interest in the
2 project to ECS. There was not much activity on the project until the latter
3 part of 1998 when Gulf Power and ECS began a series of discussions
4 regarding the possibilities of electric service to such a new load. Gulf
5 Power worked with ECS on the project extensively in an effort to
6 demonstrate that the electric alternative was the most economic choice.
7 As part of the process, ECS asked questions about the type of facilities
8 that would need to be constructed in order to serve their new electric load
9 if the project was authorized. As part of these discussions, Gulf Power
10 worked with ECS on questions regarding reliability and quality of service
11 as well as the relative economics of electric service from Gulf. In the latter
12 part of the discussions, Gulf Power addressed questions from the
13 customer regarding the time frame for constructing facilities necessary to
14 serve their new electric load if the electric compression option was given
15 the final go ahead. After more than two years of Gulf Power working with
16 the customer on this project, ECS ultimately requested that Gulf provide
17 electric service from Gulf's existing 230,000 volt transmission system to a
18 new substation to be located on the customer's site in Washington
19 County, Florida at what is now known as Station 13A. ECS then entered
20 into a contract for electric service with Gulf Power. That contract was
21 signed on February 13, 2001.

22

23 Q. What is your understanding of the relationship between Gulf Power's
24 customer, ECS, and WFEC's customer, FGT?

25 A. Per my conversations with ECS, it is my understanding that ECS provides

1 compression services to natural gas pipelines. In connection with FGT's
2 planned capacity pipeline expansion known as the Phase V Expansion
3 scheduled for operation in the Spring of 2002, ECS will be providing the
4 required compression services. ECS will construct a new electric driven
5 compression support facility, which will be known as Station 13A. It will be
6 located in Washington County, Florida adjacent to an existing natural gas
7 fired compression facility known as Station 13, owned by FGT.
8 Station 13A will be installed on a mainline separate from the mainline that
9 is currently being served by Station 13.

10

11 Q. To your knowledge has ECS ever received electric service from any
12 electric utility within Washington County, Florida?

13 A. To my knowledge ECS has never received electric service from any
14 electric utility in Washington County, Florida or any other Northwest
15 Florida county.

16

17 Q. What is your understanding of the importance/impact of FGT's Phase V
18 Expansion project?

19 A. FGT owns and operates a natural gas pipeline that runs through Florida.
20 The Phase V Expansion is a scheduled expansion of FGT's gas pipeline
21 capacity through the construction of new pipeline segments and the
22 addition of new compression capability. ECS routinely emphasized the
23 significance of the FGT expansion project as it relates to serving natural
24 gas fired electric generation planned throughout Florida. Gulf Power's
25 electric generating plant located near Panama City, Florida is currently in

1 the process of adding a generating resource that will be fueled by natural
2 gas, which is expected to be served by FGT. It has been said that more
3 than 95% of the volume of natural gas to be transported via the new
4 pipeline expansion will serve natural gas fired electric generation in
5 Florida.

6
7 Q. Is it your understanding that the time frame for completion of construction
8 to allow for the provision of electric service is of high priority?

9 A. Absolutely! ECS has time and again expressed that the time frame for
10 providing electric service is of the highest priority. In fact, due to the
11 priority emphasis placed on project completion timing by ECS, coupled
12 with Gulf Power's expectation of a formal request for electric service from
13 ECS, Gulf Power began pre-engineering the construction project,
14 performed preliminary work to support the acquisition of easements and
15 right-of-way as well as long lead time equipment such as transformers,
16 etc. Absent these preliminary efforts Gulf Power would have no
17 reasonable opportunity of meeting the electric in-service date requested
18 by ECS. When concern was raised about the uncertainty created by
19 WFEC's apparent contention that it was the only electric utility entitled to
20 serve ECS at Station 13A and the impact this uncertainty could have on
21 the timing of the construction and other activities associated with the new
22 230,000 volt transmission line extending from Gulf Power's existing
23 230,000 transmission system to a new substation to be constructed on the
24 customer's site at Station 13A, ECS worked with Gulf to prepare a joint
25 petition for declaratory statement intended to resolve this uncertainty in an

1 expeditious manner. As shown by my exhibit TSA-1, that joint petition
2 was filed by ECS's attorney on behalf of ECS and Gulf Power on
3 February 26, 2001.

4

5 Q. In your opinion, what caused WFEF to file a territorial dispute?

6 A. It seems to me that WFEF filed a dispute because Gulf Power
7 successfully reached an agreement with ECS to serve the electric driven
8 compression to be installed at Station 13A. I contend that Gulf Power's
9 unyielding efforts to successfully compete against the natural gas driven
10 compression alternative surpassed WFEF's expectations regarding the
11 ability to achieve a win-win agreement with this customer. It is my
12 understanding that ECS contacted both AEC and WFEF around
13 December 1998, well in advance of signing an agreement with Gulf Power
14 but a lack of energetic interest on their part, coupled with a sincere
15 interest expressed by Gulf Power, lead ECS to pursue service from Gulf.

16

17 Q. Did Gulf Power provide special contractual arrangements to ECS in order
18 to encourage ECS to choose it as the electric service provider?

19 A. No; Gulf Power did not provide special contractual arrangements to ECS.
20 Per ECS's request for electric service and Gulf Power's statutory
21 obligation to serve, ECS will be receiving electric service via Gulf's Tariff
22 for Retail Electric Service.

23

24 Q. Which utility does the customer prefer to serve Station 13A?

25 A. As I stated earlier, it is my understanding that the customer contacted

1 both WFEA and AEC prior to pursuit of electric service arrangements with
2 Gulf Power. The contract signed with Gulf Power on February 13, 2001
3 clearly indicates to me that the customer prefers Gulf Power and has
4 chosen Gulf Power.

5

6 Q. Does this conclude your testimony?

7 A. Yes, it does.

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1 MR. STONE: The next witness is M. W. "Bill" Howell,
2 and he has no exhibit to his direct testimony.

3 COMMISSIONER DEASON: Very well. Show then that the
4 prefiled testimony of Witness Howell shall be inserted into the
5 record.

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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of

4 M. W. Howell

5 Docket No. 010441-EU

6 Territorial Dispute in Washington County – Enron Compression Services

7 Date of Filing: July 30, 2001

8

9 Q. Please state your name, business address and occupation.

10 A. My name is M. W. Howell, and my business address is One Energy Place,
11 Pensacola, Florida 32520. I am Transmission and System Control
12 Manager for Gulf Power Company.
13

14

15 Q. Have you previously testified before the Commission?

16 A. Yes. I have testified in various rate case, cogeneration, territorial dispute,
17 planning hearing, need determination, fuel clause adjustment, and
18 purchased power capacity cost recovery dockets.
19

20

21 Q. Please summarize your educational and professional background.

22 A. I graduated from the University of Florida in 1966 with a Bachelor of
23 Science Degree in Electrical Engineering. I received my Masters Degree
24 in Electrical Engineering from the University of Florida in 1967, and then
25 joined Gulf Power Company as a Distribution Engineer. I have since
served as Relay Engineer, Manager of Transmission, Manager of System
Planning, Manager of Fuel and System Planning, and Transmission and
System Control Manager. My experience with the Company has included
all areas of distribution operation, maintenance, and construction;
transmission operation, maintenance, and construction; relaying and

1 protection of the generation, transmission, and distribution systems;
2 planning the generation, transmission, and distribution systems; bulk
3 power interchange administration; overall management of fuel planning
4 and procurement; and operation of the system dispatch center.

5 I am a member of the Engineering Committees and the Operating
6 Committees of the Southeastern Electric Reliability Council and the
7 Florida Reliability Coordinating Council, and have served as chairman of
8 the Generation Subcommittee of the Edison Electric Institute System
9 Planning Committee. I have served as chairman or member of many
10 technical committees and task forces within the Southern electric system,
11 the Florida Electric Power Coordinating Group, and the North American
12 Electric Reliability Council. These have dealt with a variety of technical
13 issues including bulk power security, system operations, bulk power
14 contracts, generation expansion, transmission expansion, transmission
15 interconnection requirements, central dispatch, transmission system
16 operation, transient stability, underfrequency operation, generator
17 underfrequency protection, and system production costing.

18
19 Q. What is the purpose of your testimony in this proceeding?

20 A. I will address the technical character of the electric load Enron
21 Compression Services ("ECS") has requested Gulf Power to serve at
22 Station 13A in Washington County, Florida, the facilities that are
23 necessary to provide adequate service to ECS at Station 13A, and the
24 cost of the specific facilities that Gulf Power Company ("Gulf") is building
25 to satisfy the customer's needs for reliable electric service for the new

1 electric motor driven compressors that will be installed at Station 13A.

2

3 Q. What are the major components that define the character of the ECS
4 electric load to be served at Station 13A?

5 A. The major components that define the character of the load to be served
6 are two 15,000 horsepower electric motors that drive the natural gas
7 compressors. What particularly makes the service to these motors unique
8 is that they will be started "across the line" as opposed to using some soft
9 start technique. The power system that provides service to motors of this
10 size when started across the line will need to be strong enough to
11 withstand providing up to six times the full load current (mostly reactive
12 current) without experiencing an excessive voltage dip that will prevent the
13 motor from starting or from affecting other customers. Gulf analyzed its
14 electric transmission system in the area and concluded that the only way
15 that service to this load could be provided in accordance with the
16 customer's requirements was to use Gulf's Smith – Shoal River 230 kV
17 transmission line as a source. The starting current requirements of each
18 of these motors render service from any 115 kV transmission facilities in
19 the geographic area impracticable from both operational and reliability
20 viewpoints.

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1 Q. Once you had determined that the Smith – Shoal River 230 kV line was
2 the only acceptable source for ECS's power supply, what facilities did Gulf
3 decide that it needed to construct and install to bring this source to the
4 Station 13A location?

5 A. Basically, the system extension to bring the power to ECS at Station 13A
6 requires three components, which are: (1) a three terminal switching
7 station at the connection point with the Smith – Shoal River 230 kV line
8 (Shaky Joe Swamp 230 kV Substation), (2) a 230/12.47 kV distribution
9 substation at Station 13A (Hinsons Crossroads Substation), and (3) a
10 single circuit 230 kV transmission line connecting these two substations.

11 Shaky Joe Swamp Substation will be a typical three terminal
12 substation using "line 'rupters" for reliability and fault isolation capability.
13 This substation will be located where the Smith – Shoal River 230 kV line
14 crosses County Road 284, approximately 47 line miles from Shoal River
15 Substation and 32 line miles from Gulf's Plant Smith. The location of
16 Shaky Joe Swamp substation is approximately 5 miles in a direct line from
17 the new ECS electric load at Station 13A. The cost to construct Shaky
18 Joe Swamp Substation is estimated at \$1.3 million.

19 Hinsons Crossroads Substation will be a typical distribution
20 substation with a 33 MVA (top rated at 65 deg. C rise) 230/12.47 kV step-
21 down transformer and low side distribution feeders. The low side feeders
22 will be the power supply for the 15,000 horsepower compressor motors.
23 The cost to construct the Hinsons Crossroads Substation is estimated at
24 \$1.5 million. ECS has chosen to pay an additional fee to have Gulf install
25 a dedicated spare transformer in the substation because of its desire to

1 have a higher level of reliability that would minimize any down time as a
2 result of a possible transformer failure.

3 The transmission line connecting these substations will be a single
4 circuit 230 kV line that is approximately 6 miles in length. The line will be
5 built using 1033 MCM ACSR conductor and single pole structure
6 construction. The estimated cost for this transmission line is \$2.7 million.

7

8 Q. Does the provision of electric service to ECS at Station 13A have any
9 detrimental effect on the service on any Gulf or West Florida Electric
10 Cooperative (WFEC) customer?

11 A. No. The analysis that Gulf performed using the assumptions for the
12 equipment being installed and operated in the manner anticipated by the
13 customer shows no detrimental impact on the reliability or power quality of
14 Gulf's existing or future customers as a result of this new customer's load.
15 In addition, since this service is being provided from an electric system
16 that is not directly connected to the other customers in the areas around
17 Station 13A, the provision of service to ECS at Station 13A will not
18 adversely impact their service. In fact, the 115 kV system providing
19 service to the substations which serve these other customers is so
20 electrically remote that the new service to ECS will be imperceptible to
21 them.

22

23 Q. Could Gulf provide service directly to any other customer from the
24 facilities being installed for service to ECS at Station 13A?

25 A. No. In order to provide service to any other customer in the area around

1 Station 13A, Gulf would be required to install additional transformer and
2 substation equipment so as not to expose any additional customers to the
3 voltage drops on the low side of the transformer being installed for the
4 service to ECS. Gulf has no plans or intention to serve any customers
5 other than ECS as a result of installing the electrical transmission and
6 distribution facilities to Station 13A.

7

8 Q. Does this conclude your testimony?

9 A. Yes, it does.

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1 MR. STONE: It is my understanding that staff has a
2 question for Mr. Howell. Should he take the stand?

3 MR. HASWELL: Was that as to his direct or rebuttal?

4 MS. STERN: It is actually based on his deposition.
5 Direct, we can do it now.

6 COMMISSIONER DEASON: We will just ask Mr. Howell to
7 go ahead and take the stand. His testimony has been inserted
8 into the record and staff will be asking questions.

9 COMMISSIONER JABER: Chairman Deason, what do we do
10 about the depositions, is there something more? Do I need to
11 move the depositions or does --

12 COMMISSIONER DEASON: I think that once we get
13 through the prefiled testimony, I think that we will leave it
14 to the parties to actually move those depositions and we will
15 just get to it in due course.

16 COMMISSIONER JABER: Okay.

17 COMMISSIONER DEASON: Since Mr. Howell is taking the
18 stand and there may be questions concerning the deposition,
19 perhaps we should go ahead and identify Mr. Howell's
20 deposition. Would it be best identified as an exhibit?

21 MS. STERN: That's fine.

22 COMMISSIONER DEASON: Okay. Do you have a date for
23 that deposition?

24 MS. STERN: September 15th.

25 COMMISSIONER DEASON: September the 15th?

1 MR. HASWELL: I think it was September 6th.

2 MS. STERN: September 6th, 2001.

3 COMMISSIONER DEASON: The deposition of Witness
4 Howell taken on September 6th, 2001 shall be identified as
5 Exhibit 7. And without objection, show that Exhibit 7 is
6 admitted.

7 (Exhibit 7 marked for identification and admitted
8 into the record.)

9 MR. STONE: Commissioner Deason, for the record, I
10 have an errata sheet for Mr. Howell bearing his signature which
11 needs to be supplied with the deposition when it is admitted.
12 I only have the original at this time, but I will follow it up
13 with additional copies. And further, for the record, Mr.
14 Howell had no changes or corrections to his deposition, it is
15 simply his signature.

16 COMMISSIONER DEASON: Very well. You will need to
17 provide that to the court reporter.

18 MR. STONE: I can provide it to the court reporter
19 now or I can wait until after I have had an opportunity to make
20 copies.

21 COMMISSIONER DEASON: Just so long as she gets it
22 today.

23 Mr. Howell, you do not have any summary according to
24 the stipulation, and I believe staff has questions.

25 THE WITNESS: All right.

- - - - -
M. W. HOWELL

was called as a witness on behalf of Gulf Power Company and,
having been duly sworn, testified as follows:

CROSS EXAMINATION

BY MS. STERN:

Q Good morning, Mr. Howell.

A Good morning.

Q Is it correct that Gulf proposes to provide electric
service to Enron Compression Systems to run two
15,000-horsepower motors?

A That is correct.

Q Could you briefly describe the facilities that Gulf
is building to provide that electricity?

A Yes, ma'am. We have, as has already been said here,
a 230,000-volt, or 230 kV transmission line that runs a few
miles from the site. We will tap that line by installing a
switching station such that we can feed the new 230 kV tap from
either direction on that line, then run a single circuit 230 kV
transmission line from that switching station to the customer's
substation. And at the customer's substation we will install a
230 kV to 12 kV 33 MVA transformer to serve the motors.

And the customer has requested a dedicated spare
transformer be placed there. That is not a part of our normal
service, so we had to require that they pay the carrying

1 charges for that spare transformer. Was that responsive?

2 Q Yes, thank you. The customer substation, is that
3 Station 13A?

4 A Yes, ma'am, it's at 13A. It's what we call the
5 Hinson's Crossroad Substation, but the actual piece of property
6 is adjacent to the pumping station, the gas pipeline pumping
7 station.

8 Q Okay. The motors are going to be housed in a
9 building, is that correct, at Station 13A?

10 A That's what I am told, yes, ma'am.

11 Q Okay. And we need clarification. If the facilities
12 that Gulf is building to serve those motors that will be housed
13 in that building, will those facilities provide -- are they
14 capable of providing electricity to serve the building, the
15 needs of the building itself, the lighting, computers, air
16 conditioning, that type of thing?

17 A They are capable if the customer requests them. They
18 would have to put some type of power conditioning system on
19 there such that the computers were not subjected to the voltage
20 dip when the motor starts. But it is my understanding they
21 have not requested us to provide that service. And at this
22 time my understanding is we are only going to be providing
23 service to the two 15,000-horsepower motors. And that existing
24 service to the building, I think Mr. Stone said is
25 120-volt/240-volt as opposed to 12,470-volt service that we

1 will be providing for the motors.

2 MS. STERN: Okay. Thank you. That's all the
3 questions we have for you.

4 MR. HASWELL: No questions.

5 MR. STONE: No redirect.

6 COMMISSIONER DEASON: Commissioners, questions?
7 Okay.

8 Thank you, Mr. Howell, you are excused.

9 MR. STONE: The next witness on the witness list is
10 T. S. Spangenberg, and there is no exhibit to his direct
11 testimony.

12 COMMISSIONER DEASON: Very well. Let's go ahead and
13 identify the deposition for Witness Spangenberg. Staff, what
14 is the date of that deposition?

15 MS. STERN: September 6th, 2001.

16 COMMISSIONER DEASON: Show then that that deposition
17 will be identified as Exhibit Number 8, and without objection
18 it shall be admitted.

19 (Exhibit 8 marked for identification and admitted
20 into the record.)

21 MR. STONE: And I have the original of
22 Mr. Spangenberg's errata sheet. There are three very minor
23 changes that are included on that errata sheet and it has his
24 original signature. And I will see to it that the court
25 reporter has the original after I have made copies for all the

1 parties.

2 COMMISSIONER DEASON: Very well. And those errata
3 sheets will just be incorporated as part of -- in the case of
4 Witness Howell, Exhibit 7 and for Witness Spangenberg Exhibit
5 8.

6 MR. STONE: Thank you.

7 COMMISSIONER DEASON: And the prefiled testimony of
8 Witness Spangenberg shall be inserted into the record without
9 objection.

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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 T. S. (Ted) Spangenberg, Jr., P.E.

5 Docket No. 010441-EU

6 Territorial Dispute in Washington County – Enron Compression Services

7 Date of Filing: July 30, 2001

8 Q. Please state your name, address and occupation.

9 A. My name is T. S. ("Ted") Spangenberg, Jr., and my business address is ,
10 1230 East 15th Street, Panama City, Florida, 32405. I am Gulf Power
11 Company's District Manager for the general area of Florida lying between
12 the Appalachicola and Choctawhatchee Rivers, including Washington
13 County. In that role I have responsibility for the Administrative, Customer
14 Service, External Affairs, and Marketing areas, as well as serving as the
15 management team leader for all functions in the district. Additionally, I
16 have Company-wide responsibilities related to antitrust compliance and
17 territorial matters.

18 Q. Please describe your professional background and experience.

19 A. I have a Bachelor's of Electrical Engineering degree and a Master's of
20 Electrical Engineering degree, both from Auburn University. I am a
21 licensed Professional Engineer, with active licenses in Alabama, Florida,
22 and Georgia. I have been employed by Gulf Power or other affiliates of
23 Southern Company for the past 25 years, with professional and/or
24 managerial responsibilities in the Load Research, Market Research,
25 Forecasting, District Operations, Cogeneration, Power Delivery,
Transmission, Substations, Marketing, and Executive areas.

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present Gulf Power's position and
3 provide facts and information to the Florida Public Service Commission
4 ("Commission") regarding the issues identified in this territorial dispute
5 docket. My testimony, along with the testimony of Mr. Howell and Mr.
6 Anthony, will support Gulf Power's contention that Enron Compression
7 Services ("ECS") should not be denied the right or opportunity to receive
8 economical, reliable electric service at Station 13A in Washington County
9 from Gulf Power as the customer has requested. My testimony will
10 address the boundaries of the disputed area, the nature of that area, the
11 type of utilities seeking to serve the area, and the general character and
12 future expectations for that area for other utility services. My testimony
13 will also speak to whether Gulf Power's service to ECS would cause
14 uneconomic duplication of any facilities and my perspective as to the
15 implications that all of these facts, issues, and conclusions should have
16 upon the Commission's resolution of this dispute.

17

18 Q. What is the area that the Commission should designate as the "disputed
19 area" in this docket?

20 A. The Commission should designate only the confines of the equipment
21 comprising ECS's electric load at Station 13A as the area in dispute. The
22 concept of a "disputed area", in my opinion, exists within the
23 Commission's territorial dispute rules for the more traditional situation
24 where there are two utilities vying to serve the same group of customers in
25 a larger, general area, such as a proposed residential development. That

1 is not the situation in this case. As a matter of practical application,
2 electric utilities actually serve end-use customers rather than prescribed
3 geographic areas. In reality, this dispute is not over which utility is to
4 serve an area, but which utility is to serve a particular customer at a
5 particular location, ECS at Station 13A.

6 Gulf Power is only seeking to serve the ECS electric load at Station
7 13A; it has no intentions of serving any present customer of West Florida
8 Electric Cooperative Association, Inc. ("WFEC") or any future prospective
9 customer where such service would constitute uneconomic duplication of
10 WFEC's facilities. Because Gulf Power has no such intentions, no
11 additional disputes in the general or larger area around Station 13A are
12 reasonably foreseeable.

13
14 Q. What electric utility currently provides service to the area comprising
15 Station 13A?

16 A. There is no utility currently providing electric service to Station 13A and
17 there are no customers currently in that area (as the construction of
18 Station 13A is not yet complete as of the date of this testimony). WFEC
19 has a small, three-phase distribution feeder on the opposite side of River
20 Road, which is the nearest public road to Station 13A. It is from this same
21 feeder that WFEC provides service to the maintenance facilities of Florida
22 Gas Transmission Company ("FGT"), whose gas pipeline monitoring and
23 treatment facilities are in close proximity or immediately adjacent to where
24 Station 13A is to be located.

25

1 Q. Are the electric facilities in the general vicinity of FGT and Station 13A
2 capable of serving the new electric load to be developed in the disputed
3 area?

4 A. No, they are not. Not only are the existing electric facilities in the general
5 vicinity not capable of serving the ECS electric load at Station 13A, those
6 facilities are not capable of serving as the source of origin for facility
7 extensions or upgrades for use in serving Station 13A. The disputed area
8 will contain only one customer, ECS, and, as discussed in the testimony
9 of Gulf Power's other witnesses, this customer is of the size and type that
10 it must be directly served from the low-side buss of a distribution
11 substation. It is doubtful whether WFEC's existing distribution facilities in
12 the vicinity of Station 13A could serve a customer even one-tenth the size
13 of ECS's electric load at Station 13A.

14 This highlights the very reason that the disputed area should be
15 limited to just the area containing Station 13A. With the exception of
16 FGT's existing maintenance facilities that are being served and will
17 continue to be served by WFEC, the area around Station 13A is largely
18 undeveloped. To designate a "disputed area" that encompasses any area
19 outside of Station 13A presents a potential for prematurely awarding
20 service rights regarding an undeveloped area to one utility or the other. In
21 fact, it would eliminate the flexibility the two utilities and this Commission
22 need to determine which utility is in the best economic position to extend
23 service in an undeveloped area when development is ready to occur.

24 Designating an area larger than that of Station 13A as the disputed
25 area would unnecessarily "draw lines on the ground" leading to a potential

1 uneconomic duplication of facilities in the future. As the Commission
2 found in its Order No. PSC-98-0174-FOF-EU (at page 10):

3 " . . . drawing lines on the ground would result in centralized
4 planning by this Commission which is not the most economic
5 way to determine the service areas because it does not take
6 into account market forces which will dictate the manner in
7 which some of the expansion of facilities is going to take
8 place."
9

10 Q. You stated earlier that you have Company-wide responsibilities for
11 territorial matters. From that perspective, what conditions have caused
12 this dispute?

13 A. As indicated in the testimony of Mr. Anthony, this dispute developed
14 because WFEC objects to a customer's decision to choose Gulf Power as
15 its electric supplier. Gulf Power has done all the work necessary to get
16 this customer to bring a new electric load to the area, a load that can only
17 be served by extending facilities from Gulf Power's existing 230 kilovolt
18 transmission line, the only 230 kilovolt transmission line in the area.

19 This is simply a case of free enterprise at work. Gulf Power and
20 WFEC have both served customers in Washington County for many
21 years. A very large and unique prospective customer, ECS expressed
22 interest in obtaining electric service for electric motor driven natural gas
23 compressors that would be installed as part of a gas pipeline expansion
24 across northwest Florida. This electric powered compression would be
25 installed at a new Station 13A in lieu of natural gas fired compression

1 such as that which has been traditionally used along the existing pipeline.
2 Gulf Power, with adequate capabilities to extend the necessary facilities
3 and knowledge that its service to such a customer would not constitute
4 the uneconomic duplication of any other utility's facilities, responded to the
5 customers' interest and ultimately received a request for electric service
6 from the customer. Gulf, fully meeting its statutory obligation to serve
7 under such circumstances, entered into a contract with ECS to provide
8 electric service as requested by the customer.

9 Just prior to ECS's selection of Gulf Power to provide service to the
10 customer's electric load at Station 13A, WFEC provided ECS with written
11 notice that WFEC may dispute both ECS's right to choose its electric
12 supplier and Gulf Power's entitlement to provide electric service in
13 response to that choice. Immediately following its selection of Gulf Power
14 as its electricity provider, ECS, along with Gulf Power, considered ways of
15 permanently securing and protecting the customers choice of Gulf Power
16 as electric supplier in light of WFEC's threatened litigation. ECS and Gulf
17 jointly initiated a docket with a request to the Commission for a
18 declaratory statement regarding the right of the customer to choose Gulf
19 Power as the electric supplier in this case and the obligation of Gulf Power
20 to provide electric service pursuant to that choice. The "Joint Petition for
21 Declaratory Statement" of ECS and Gulf was scheduled to be considered
22 by the Commission in Docket No. 010265-EI in May of this year. In spite
23 of the decision of ECS to choose Gulf Power to serve Station 13A, and in
24 apparent disregard of the Commission's established concepts regarding
25 customer choice in the absence of uneconomic duplication, WFEC filed its

1 petition in this docket, thus delaying Commission resolution of the
2 question presented by ECS and Gulf in their joint petition for declaratory
3 statement. WFEC's action flies in the face of established precedent that
4 honors the Customer's choice of electric supplier under circumstances
5 that do not lead to uneconomic duplication of existing electric facilities.
6

7 Q. What is the nature of the disputed area?

8 A. Station 13A, or the piece of property that is the site of this prospective
9 customer's electric load, is a vacant piece of land. It has no population
10 and no other utility customers, presently or projected. It can best be
11 characterized as a prospective industrial site particularly suited to natural
12 gas pipeline interaction and/or ancillary services because of its location in
13 close proximity to two existing pipelines and FGT's Station 13. The area
14 has no urbanization, but is located within approximately ten miles of the
15 urban centers of Caryville, Bonifay, and Vernon, Florida, all of which
16 receive their electric utility service from Gulf Power.

17 While Station 13A is to be situated at a location that will be largely
18 surrounded by an area that is clearly rural in nature – with scattered
19 farms, a small electric load density, etc., – Station 13A, itself, is to be an
20 extremely large and dense electric load center. Hence, the site of Station
21 13A is not rural; rather, it is industrial in nature, and will be equivalent, in
22 terms of total electrical load, to a city with a population of approximately
23 10,000 people.
24
25

1 Q. Why should the degree of urbanization of a disputed area be of interest to
2 the Commission in this proceeding?

3 A. The degree of urbanization, as well as the type of utilities seeking to serve
4 an area, are specifically included in the list of parameters or issues the
5 Commission may consider in resolving a territorial dispute pursuant to
6 Section 25-6.0441 of the Florida Administrative Code. I believe this
7 element was listed in this section of the Commission's rule on territorial
8 disputes because it speaks to the total size and density of the electrical
9 load that can be expected in an area and the public policy expectations for
10 the type of utility that should serve it. If the size and density of load is
11 large and high enough, I believe there exists a reasonable presumption
12 that the provision of electrical service to such an area can be expected to
13 be provided under a free enterprise and/or profit driven and supported
14 approach, such that no social welfare approach to the provision of utility
15 service is necessary.

16

17 Q. As one of two utilities seeking to serve the disputed area, what type of
18 utility is Gulf Power?

19 A. Gulf Power is an investor-owned utility and, pursuant to Chapter 366,
20 F.S., is an electric utility with an obligation to serve customers in Florida to
21 the extent such service would not constitute the uneconomic duplication of
22 the facilities of another utility. The investment in facilities, operation and
23 maintenance of facilities, quality and character of electric service, rate
24 structure, rate level, and various other aspects of Gulf Power's electric
25 utility business operations in Florida are regulated by the Commission.

1 Other than the prohibition of uneconomic duplication of another utility's
2 facilities, there are no statutory or regulatory restrictions that would
3 prevent Gulf Power from serving any customer, regardless of the type of
4 customer or nature of the area in which they are located, with retail
5 electric service. In fact, the obligation of service mentioned earlier
6 requires Gulf Power to serve "all-comers" so long as Gulf's service to such
7 new customers would not constitute uneconomic duplication of existing
8 facilities belonging to another utility capable of providing the electric
9 service requirements of the new customers.
10

11 Q. What assurances does the type of regulation under which Gulf Power
12 operates provide to Gulf Power customers?

13 A. Because of the Commission's policies and governance with regard to rate
14 structure and rate level, a customer with electric load requirements such
15 as ECS's at Station 13A that receives service from Gulf Power is offered
16 full public policy protection from pricing discrimination or other inequities
17 related to its retail electric service. The rate schedule under which ECS
18 will receive service from Gulf Power at Station 13A is a standard tariff
19 under the full and complete jurisdiction of the Commission, and is a tariff
20 that exists to serve customers with large loads similar to the character and
21 nature of ECS's electric load at Station 13A. ECS, as well as Gulf
22 Power's other customers, can and do take comfort and financial security
23 in the stability and protection that such regulation affords.
24
25

1 Q. What type of utility is WFEC?

2 A. WFEC is a rural electric cooperative, organized, existing, and operating
3 under Chapter 425, the Rural Electric Cooperative Law, found in Title XXX
4 of the Florida Statutes which is entitled "Social Welfare." As such, WFEC
5 is empowered to distribute and sell electric energy only in "rural areas,"
6 i.e. areas not within the boundaries of a town or village (whether or not
7 incorporated) "having a population in excess of 2,500" (Ch. 425.03 F.S.).
8 Unlike Gulf Power, WFEC's investment in facilities, operation and
9 maintenance of its facilities, and rate level are not regulated by the
10 Commission. The oversight over a cooperative's operations and service
11 pricing rests largely, if not entirely, within its member-owners through a
12 one member – one vote polity.

13 This lack of Commission regulation over the level of WFEC's rates
14 could be very significant for a customer such as ECS at Station 13A.
15 Should Gulf Power be denied the right to serve ECS at Station 13A and
16 that right is awarded to WFEC, the Station 13A electric load would
17 represent a significant portion of WFEC's total load (i.e. in excess of ten
18 percent); however, ECS's role in the governance over WFEC's actions
19 would simply be one member-vote out of the approximately 24,000
20 member-owners of WFEC. This proportion of ECS's load at Station 13A
21 to the total WFEC load means that the revenue WFEC would receive from
22 ECS would be a significant percentage of WFEC's total operating
23 revenue. In other words, there is a huge chasm in the character of ECS
24 as a customer at Station 13A and in the projected magnitude of the power
25 bills of ECS at Station 13A versus those of WFEC's typical customer.

1 Q. Does this difference in the character of customers and magnitude of
2 customer bills present any unusual business risk to ECS at Station 13A?

3 A. Yes, it does. If ECS receives service at Station 13A from WFEC, ECS will
4 face an unusually high business risk whenever WFEC requires additional
5 operating revenue. When such additional revenue is needed, there would
6 be a natural temptation and tendency to place a disproportionately large
7 amount of the increased revenue burden upon a large customer such as
8 ECS at Station 13A. Although inappropriate by public policy norms, the
9 only real, practical protection that ECS would have from such
10 discriminatory rate-setting practices by WFEC would be an appeal to the
11 management, Board of Directors, or general membership gathered in
12 annual meeting as a single member-owner seeking relief versus the
13 interests of the remaining 24,000 member-owners not desiring any
14 revenue increase burden at all. There would be no objective, non-vested,
15 public policy interest, such as this Commission, to which ECS, or any
16 other customer could appeal such debilitating actions.

17 Regulation that is fully fair and objective must be present if it is to
18 serve as an effective surrogate to competition yielding reasonable price
19 controls in a monopoly market setting; the populist form of self-regulation
20 may serve the typical cooperative member in fine fashion, but it could
21 reasonably be expected to be ineffective and inadequate for this unique
22 customer. The rural electric cooperative's form of rate setting and general
23 governance structure can reasonably be construed to present an
24 unacceptably high financial risk for a very large and unique customer such
25 as ECS at Station 13A. This type of "captive customer" concern makes

1 the type of area or customer in dispute versus the type of utilities seeking
2 to serve it a clear and compelling reason for the Commission to uphold
3 Gulf Power's right to serve ECS at Station 13A.

4

5 Q. Do you believe there are any operational concerns that arise because of
6 the types of utilities seeking to serve this type of customer?

7 A. Yes, I do. As Mr. Howell indicates in his testimony, the load or electrical
8 equipment at Station 13A for which ECS has requested electric service
9 from Gulf Power will principally consist of two very large electric
10 compressor motors. The operation of these motors will produce a total
11 peak demand that Gulf Power expects may reach as high as 19,000 or
12 20,000 kilowatts. Gulf Power has at least two other customers with
13 motors in this size class, has large motors in its own generating facilities,
14 has several other customers with peak demands in excess of 10,000
15 kilowatts, and has many other customers that are the singular or majority-
16 load customer being served from the low-side buss of a distribution
17 substation. Gulf Power knows of and understands the operational
18 concerns of these types of customers and has a long history of
19 competency in attending to these concerns.

20 WFEC, by contrast, has no customer with motors this large. In
21 fact, there is no customer served by WFEC with electric motors that even
22 begin to approach this size. Similarly, it does not have even one
23 customer that is the singular customer being served from the low-side
24 buss of a distribution substation. This lack of operating and customer
25 care experience with this type of customer and service arrangement can

1 reasonably be construed to present an unacceptably high operational risk
2 for such a very large and unique customer as ECS at Station 13A. This
3 concern is yet another clear and compelling reason, simply upon its own
4 merit, for the Commission to uphold Gulf Power's right to serve Station
5 13A because of the type of area or customer in dispute compared to the
6 type of utilities seeking to serve it.

7
8 Q. Are there any other aspects of the types of utilities seeking to serve the
9 disputed area that should be considered in resolving this dispute?

10 A. Yes. There is at least one other aspect that should lead this Commission
11 to uphold Gulf Power's right to serve this customer. As a distribution
12 cooperative WFEC simply owns distribution feeders and taps and the
13 associated poles, wire, meters, etc. WFEC has no transmission lines, no
14 transmission switching stations, no distribution substations, no distribution
15 substation power transformers, and no low-side distribution substation
16 busses. Yet this customer, ECS, because of the large size of its load at
17 Station 13A, will have its customer-owned service cables connected
18 directly to the low-side substation buss of the planned Hinsons
19 Crossroads substation. While, presumably, WFEC would have its
20 wholesale power provider, Alabama Electric Cooperative ("AEC") or other
21 wholesale entity construct, own, operate, and maintain such a substation
22 buss and the other necessary up-stream facilities, WFEC itself would
23 have no ownership of any facilities directly used to provide electric service
24 to Station 13A if it was to provide electric service to ECS at Station 13A.
25 In essence, WFEC would be the retail service provider of record and

1 would collect all the retail revenues from ECS for such service to
2 Station 13A, but WFEC would have no investment in any facilities used
3 for such service, with the possible exception of metering equipment
4 (although that is also typically owned by AEC). In essence, WFEC would
5 just be serving as a front for AEC, with the vast majority of the retail
6 revenues collected by WFEC from ECS at Station 13A in turn flowing
7 directly on to AEC. Although WFEC may be the entity that launched this
8 dispute, the vested interest for their position in this dispute, for the most
9 part, lies elsewhere – with operations even further removed from the
10 regulatory influence of the Commission. This, also, presents a significant
11 operating risk for ECS.

12

13 Q. Would Gulf Power's provision of electric service to ECS at Station 13A
14 constitute the further uneconomic duplication of electric facilities?

15 A. No, it would not. WFEC has no facilities currently in place, either on the
16 site of Station 13A or in the vicinity of Station 13A, that could provide the
17 needed service. In fact, WFEC, in and of itself, has no facilities anywhere
18 in its electric system that are capable of serving as a source of origin from
19 which additional facilities could be constructed that could provide the
20 needed service, regardless of where Station 13A was located, much less
21 with a Hinsons Crossroads location. Neither WFEC nor AEC has any
22 facilities that would be duplicated in any fashion, much less
23 uneconomically duplicated, as a result of Gulf Power providing service to
24 ECS at Station 13A.

1 Historically, the Commission has used a comparison of the first
2 cost of construction of each utility's required distribution and
3 subtransmission facilities extension as a convenient, quantitative proxy to
4 indicate whether one utility's facilities have been duplicated by another,
5 and then would determine whether such duplication was uneconomic.
6 The determination that one utility would have a projected construction cost
7 greater than another utility has been used as the primary indicator that the
8 other utility must have had an originating point for its added facilities at a
9 closer distance to the customer or with other relevant advantages and,
10 hence, the portion of the existing facilities that were closer than the other
11 utility's would, presumably, be uneconomically duplicated.

12 As noted in the testimony of Mr. Howell, in order to meet this
13 customer's need for electric service, the uniqueness of the service
14 required and the uniqueness of the required type of facilities from which
15 an extension must originate dictates that either utility must originate its
16 extension from Gulf Power's Smith – Shoal River 230,000-volt
17 transmission line. Otherwise, for WFEC/AEC to build its own 230,000-volt
18 source feed down from its own facilities in Alabama, such action, in itself,
19 would constitute duplication of Gulf Power's 230,000-volt facilities. If there
20 is a prima facie acknowledgement or admission that either utility would
21 have to extend any required facilities from the exact same existing facility
22 as the origin of such extension, no cost comparison is required. The cost
23 of each utility's extension becomes irrelevant for the purpose of awarding
24 service rights, as neither utility's provision of service could constitute
25 duplication of the other utility's non-existent facilities.

1 Because each utility would originate its extension from the same
2 general area of the same transmission line and no duplication could occur
3 or would result, this Commission should not have to concern itself with
4 whether a utility is sacrificing long-term operating and/or maintenance
5 costs in order to achieve a "low-ball" first cost of construction that is lower
6 than the first cost of construction for the competing utility. This should
7 remove any temptation to depart from lowest full, life-cycle ownership
8 costs in each utility's selection of the type of construction, type of
9 materials, size of right-of-way, or other issues that can represent trade-
10 offs between "first costs" versus "full costs."

11 As I indicated earlier, cost comparisons serve as a convenient,
12 quantitative proxy to aid in resolving the issue of whether and how much
13 duplication of facilities has occurred. If the absence of any duplication of
14 facilities is clear and determinative on the basis of other undisputed facts,
15 a comparison of up-front construction costs is irrelevant and unnecessary
16 in the resolution of a territorial dispute.

17

18 Q. Which utility does the customer prefer to serve the disputed area?

19 A. It is clear, through the execution of its contract with Gulf Power, that ECS
20 prefers to receive its electric service at Station 13A from Gulf Power.

21

22 Q. Does this conclude your testimony?

23 A. Yes, it does.

24

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1 MR. HASWELL: Commissioner, while we're introducing
2 both depositions, Mr. Anthony's deposition I don't believe we
3 have identified it yet as an exhibit.

4 COMMISSIONER DEASON: That is correct. And we can go
5 ahead and do that at this time. That will be identified as
6 Exhibit 9. And is the date on that deposition also 9/6?

7 MR. HASWELL: Yes, sir.

8 MS. STERN: Yes.

9 COMMISSIONER DEASON: And Exhibit 9 without objection
10 shall be admitted.

11 (Exhibit 9 marked for identification and admitted
12 into the record.)

13 MR. STONE: And I also have Mr. Anthony's errata
14 sheet. There are approximately 10 or 11 minor changes listed
15 on the errata sheet, and it has his original signature. And as
16 I have already stated with Mr. Howell and Mr. Spangenberg, I
17 will provide it to the court reporter after we have had an
18 opportunity to make copies for the parties.

19 COMMISSIONER DEASON: Very well. And that will be
20 incorporated as part of Exhibit Number 9.

21 MR. HASWELL: Commissioner, I should point out that
22 yesterday we did file the original and 15 copies of those
23 depositions with the Clerk. And I have a few more copies here
24 if anybody wants them.

25 COMMISSIONER DEASON: Very well. We can, I believe,

1 proceed now to the rebuttal?

2 MR. HASWELL: Yes, sir. The first witness for West
3 Florida is Jeff Parish, and he has no exhibits.

4 COMMISSIONER DEASON: Very well. Show then that the
5 prefiled rebuttal testimony of Witness Parish shall be inserted
6 into the record without objection.

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1 West Florida Electric Cooperative Association, Inc.
2 Before the Florida Public Service Commission
3 Prepared Rebuttal Testimony of
4 Jeff Parish
5 Docket No. 010441-EU
6 Date of Filing: August 22, 2001
7
8 Q: Please state your name, business address and occupation.
9 A: My name is Jeff Parish, business address P. O. Box 550,
10 Andalusia, AL 36420. I am Vice President Bulk Power and
11 Delivery for Alabama Electric Cooperative, Inc. ("AEC").
12 Q: Are you the same Jeff Parish who submitted direct testimony in
13 this case dated July 30, 2001?
14 A: Yes.
15 Q: What is the purpose of your rebuttal testimony in this proceeding?
16 A: I will address a portion of the Joint Petition for Declaratory
17 Statement attached as an exhibit to the testimony of Tim Anthony,
18 certain allegations of Ted Spangenberg, Jr., and one aspect of the
19 testimony of M. W. Howell.
20 Q: What are your comments regarding the Joint Petition for
21 Declaratory Statement?
22 A: In my direct testimony, I went into considerable detail describing
23 AEC's transmission arrangements and its wheeling agreement
24 under the Southern Company Open Access Transmission Tariff
25 which gives AEC access to the transmission systems of all of the

1 Southern Company member operating companies, including Gulf
2 Power. I described the proposed method of service by AEC and
3 West Florida to Station 13A and AEC's application to Southern
4 Company Services, Inc. for transmission service to Station 13A. I
5 explained why I believe that AEC has access to Gulf Power's
6 transmission system to wheel power to this load at Station 13A
7 regardless of the "retail wheeling" issue raised by John Lucas of
8 Southern Company Services, Inc. I attached my letter of June 18,
9 2001, to Mr. Lucas and his reply of June 28, 2001, on this issue as
10 exhibits to my testimony, and described why I concluded that
11 transmission access could not be denied by Southern or Gulf
12 Power in this case. In the Joint Petition for Declaratory Statement,
13 paragraph 8, Gulf Power states that it owns and operates the only
14 existing 230kV transmission line in the area and that it owns,
15 maintains and operates all existing 230kV transmission facilities
16 that are located in Northwest Florida. Similarly, in paragraph 11,
17 Gulf Power alleges that its existing 230kV transmission line in
18 relatively close proximity of the site was instrumental in creating
19 this load. Gulf Power implied to this Commission that it is the only
20 party capable of serving this load because of its 230kV facilities in
21 the area, completely ignoring AEC's transmission access to the
22 same 230kV line. We suspect that Gulf also led ECS to believe
23 that Gulf Power is the only party capable of providing the 230kV
24 service, ignoring AEC's transmission access rights.

25 Q: What about Mr. Howell's testimony?

1 A: Mr. Howell indicates that Gulf concluded that the "only" way the
2 service could be provided "in accordance with the customer's
3 requirements" was from the 230kV line and that the starting
4 current rendered 115kV service impractical. As I indicated in my
5 direct testimony, it may very well be that it is impractical to serve
6 this load from Gulf Power's 115kV line with "across the line"
7 starting or a soft start. However, it is not clear that any
8 investigation was ever made using a soft start approach to starting
9 these motors on the 115kV system. Normally, a utility would be
10 interested in minimizing its investment and the impact on its
11 system by using a soft starting technique. It is unclear why that
12 was not considered here. Apparently, only "across the line"
13 starting was considered from Gulf's 115kV system. We can only
14 wonder if part of the reason for considering only "across the line"
15 starting was to support Gulf Power's contention to this
16 Commission and ECS that only Gulf can provide the service since
17 Gulf has the only 230kV source nearby. We have asked Southern
18 Company Services, Inc., in our transmission service request
19 regarding this load, to investigate "across the line" and soft start
20 from both Gulf Power's 115kV and 230kV lines nearby.

21 Q: What about Mr. Spangenberg's testimony?

22 A: Mr. Spangenberg alleges on page 13, lines 20-24, that West
23 Florida would have no ownership of facilities associated with this
24 service to Station 13A. As I stated in my direct testimony, AEC
25 intends to own the transmission facilities. West Florida intends to

1 own the distribution substation. Both AEC and West Florida would
2 make commitments to provide service to Station 13A. AEC would
3 be providing the same service here that it does for all its
4 members: generating capacity and energy plus transmission
5 service. In some cases, AEC owns the distribution substations
6 involved, but in some cases AEC's member systems choose to
7 own the distribution substations. West Florida is no more a front
8 for AEC here than in the other service AEC provides to West
9 Florida and its other members. The "vested interest" in serving
10 Station 13A is with West Florida. AEC will provide service to West
11 Florida under the same rate and terms and conditions as any
12 other member for any other load. West Florida will serve the retail
13 customer at Station 13A and charge a rate associated with its cost
14 of service.

15 Q: Spangenberg claims service by WFEC/AEC would result in
16 operating risks to ECS. Is that a correct statement?

17 A: No, it is not. First, our service reliability to the added load at
18 Station 13A will be at least as reliable as Gulf Power's, and likely
19 will present less risks to ECS due to the nearby location of AEC's
20 and WFEC's service centers.

21 Q: Do you have any concluding remarks?

22 A: Yes. Briefly, Mr. Spangenberg has attempted to mischaracterize
23 WFEC as an inept, out-of-date, social welfare operation, with no
24 ability to adequately serve its own member-consumers. It is
25 unfortunate that he tried to do that, but it may speak volumes

1 about Gulf Power's weak position. West Florida EC and AEC
2 together are not only capable of providing the service to ECS, they
3 can do it at least as well as Gulf Power or any other electric
4 service provider, for that matter.

5 Q: Does this conclude your rebuttal testimony?

6 A: Yes, it does.

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1 MR. HASWELL: The next witness is Michael Moore for
2 West Florida and he has one exhibit, MKM-1.

3 CHAIRMAN DEASON: Show then that the prefiled Exhibit
4 MKM-1 for Witness Moore shall be identified as Exhibit 10 and
5 without objection shall be admitted. And the prefiled rebuttal
6 testimony of Witness Moore shall so be inserted into the
7 record.

8 (Exhibit 10 marked for identification and admitted
9 into the record.)
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1 West Florida Electric Cooperative Association, Inc.

2 Before the Florida Public Service Commission

3 Prepared Rebuttal Testimony of

4 Michael K. Moore, P.E.

5 Docket No. 010441-EU

6 Date of Filing: August 22, 2001

7

8 Q. Please state your name and business address.

9 A. My name is Michael K. Moore. My business address is 5555
10 North Grand Blvd., Oklahoma City, Oklahoma 73112-5507.

11 Q. By whom are you employed?

12 A. I am employed by C. H. Guernsey & Company, Engineers,
13 Architects, and Consultants, Oklahoma City, Oklahoma.

14 Q. What is your position with the firm and what are your general
15 areas of responsibility?

16 A. I am Executive Vice President and Manager of the Analytical
17 Services Group of the Energy Division. I am involved in the
18 administration and overall operation of the firm. I direct the firm's
19 activities in the area of analytical, technical, and economic studies
20 for utility, municipal, industrial and governmental clients. I also
21 manage a number of the firm's projects in such areas as contract
22 negotiations, electric utility planning studies, power supply studies,
23 rate analysis, and engineering economic analysis.

24 Q. Please summarize your educational and professional background.

25 A. Exhibit _____ (MKM-1) is a resume summarizing my

1 educational and professional background.

2 Q. Have you previously testified in regulatory proceedings?

3 A. Yes. I have previously testified before state commissions in
4 Texas, Oklahoma, Louisiana, Maryland, and Wyoming, and before
5 the Federal Energy Regulatory Commission.

6 Q. On whose behalf are you appearing in this proceeding?

7 A. I am appearing on behalf of West Florida Electric Cooperative
8 Association, Inc. ("West Florida"). West Florida is an electric
9 distribution cooperative headquartered in Graceville, Florida.
10 West Florida currently provides electric service in Washington
11 County, including service to Florida Gas Transmission's ("FGT's")
12 Station 13 and to the disputed area referred to, as a four-mile
13 radius around station 13-A.

14 Q. What is the purpose of your rebuttal testimony?

15 A. The purpose of my rebuttal testimony is to respond to the
16 suggestion by Gulf Power Company's ("GPC's") witness Ted
17 Spangenberg, Jr. that only GPC is capable of serving two large
18 electric motors without creating an uneconomic duplication of
19 facilities.

20 Q. Please briefly describe the nature of the dispute between West
21 Florida and GPC.

22 A. GPC and Enron Compression Services ("ECS") have executed an
23 agreement under which GPC is to provide electric service to two
24 large electric motors to be installed by FGT and leased to ECS.
25 West Florida disputes GPC's right to provide electric service to the

1 two electric motors, or to any other site in the disputed area.

2 Q. Please explain how West Florida obtains power to serve its
3 customers.

4 A West Florida purchases all of its power requirements from
5 Alabama Electric Cooperative, Inc. ("AEC"). AEC is an electric
6 generation and transmission cooperative that provides wholesale
7 power to a number of electric distribution cooperatives, including
8 West Florida. AEC also provides transmission service to deliver
9 all of West Florida's power requirements to its delivery points.
10 AEC provides that transmission service through a combination of
11 transmission facilities that it owns and transmission service
12 arrangements with other transmission providers, including service
13 obtained pursuant to the Southern Companies' Open Access
14 Transmission Tariff ("OATT"). In accordance with the OATT, AEC
15 is entitled to receive transmission service over the transmission
16 facilities of GPC.

17 Q. Does West Florida own any transmission facilities?

18 A. No. The relationship between West Florida and AEC is such that
19 AEC assumes responsibility for all transmission arrangements,
20 including construction of any transmission facilities that may be
21 required to provide service to West Florida's delivery points. Such
22 a relationship is typical between electric generation and
23 transmission cooperatives (such as AEC) and the electric
24 distribution cooperatives (such as West Florida) that they serve.

25 Q. Are the existing facilities of West Florida and AEC adequate to

1 serve the two motors?

2 A. Apparently not. GPC witness M. W. Howell states at page 3, lines
3 13-17 of his direct testimony that "Gulf analyzed the electric
4 transmission system in the area and concluded that the only way
5 that service could be provided to this load in accordance with the
6 customer's requirements was to use Gulf's Smith - Shoal River
7 230 kV transmission line as a source." (emphasis in original).

8 Q. Can West Florida and AEC construct facilities necessary to serve
9 the two motors?

10 A. Yes. West Florida and AEC could construct the same
11 transmission and substation facilities that GPC proposes to
12 construct in order to provide service to the two motors. AEC could
13 tap GPC's Smith - Shoal River 230 kV transmission line (as GPC
14 proposes to do), and construct a new 230 kV transmission line
15 from the tap to Station 13-A (as GPC proposes to do). West
16 Florida could construct a 230 kV substation (as GPC proposes to
17 do) to provide distribution voltage service to the two motors (as
18 GPC proposes to do).

19 Q. Previously, you stated that AEC obtains transmission service
20 under Southern Companies' OATT. Does that service entitle AEC
21 to tap GPC's 230 kV transmission line?

22 A. Yes. That fact was confirmed by GPC in its response to
23 Interrogatory No. 11 of West Florida's First Set of Interrogatories,
24 wherein GPC stated that there were no "objections, legal
25 constraints, or reasons" why AEC could not tap into GPC's 230 kV

1 transmission line. See my Exhibit _____ (MKM-2).

2 Q. If the Commission determines that West Florida is entitled to serve
3 the new load, is it necessary for West Florida and AEC to
4 construct the facilities necessary to serve the two motors?

5 A. No. Instead, West Florida and AEC can use the facilities being
6 installed by GPC. Such use could consist of a combination of
7 transmission service and/or purchase of facilities from GPC. The
8 transmission service would be obtained by AEC under the
9 Southern Companies' OATT. In response to Interrogatory No. 12
10 of West Florida's First Set of Interrogatories, GPC stated that it
11 would be willing to sell the 230 kV transmission line tap and
12 associated facilities that it plans to construct to serve the two
13 motors if GPC does not serve the load. See my Exhibit _____
14 (MKM-3). The parties would have to decide which of the facilities
15 being installed by GPC would be purchased, and which entity
16 would make the purchase. At this time, West Florida would
17 expect that any transmission facilities to be purchased would be
18 purchased by AEC, and that any distribution facilities, including
19 the substation, to be purchased would be purchased by West
20 Florida.

21 Q. If West Florida and AEC use the 230 kV transmission tap line and
22 associated facilities being installed by GPC to serve the two
23 motors, would there be any uneconomic duplication of facilities?

24 A. No. That fact was confirmed by Mr. Spangenberg at lines 15-24
25 of page 14 of his direct testimony. There, Mr. Spangenberg stated

1 that the facilities that GPC plans to construct to serve the two
2 motors will not result in any duplication of facilities. That is true
3 whether the use of the GPC facilities is through transmission
4 service or a purchase of facilities.

5 Q. Does that conclude your rebuttal testimony?

6 A. Yes.

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9 **TO BE SWORN TO AT HEARING**

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1 MR. HASWELL: We did insert the testimony of Mr.
2 Parish, didn't we?

3 COMMISSIONER DEASON: Yes. To make sure the record
4 is clear, the prefiled testimony of Witness Parish is inserted
5 into the record.

6 MR. HASWELL: Our next witness is Joseph E. Perry on
7 rebuttal, and I believe Mr. Stone has some objections.

8 COMMISSIONER DEASON: Mr. Stone.

9 MR. STONE: Yes, Commissioner. I would move to
10 strike that portion of Mr. Perry's rebuttal testimony that
11 appears starting at Line 23 of Page 4.

12 COMMISSIONER DEASON: Give me just a moment.

13 MR. STONE: Yes, please.

14 COMMISSIONER DEASON: The page number?

15 MR. STONE: It's page Number 4, starting with the
16 sentence that starts on Line 23. The phrase is "As a matter of
17 fact."

18 MR. HASWELL: I'm sorry, it was starting with Line 23
19 on Page 4 and running to --

20 MR. STONE: I was just giving the starting point, "As
21 a matter of fact," extending through Page 6, Line 4.

22 COMMISSIONER DEASON: Okay. State the nature of your
23 objection.

24 MR. STONE: The basis for my objection is that the
25 witness has essentially sandbagged the issue that is raised in

1 this testimony and not put it in his direct testimony. It is
2 not a fair comment on the direct testimony of either
3 Mr. Spangenberg or Mr. Howell and, therefore, it is not
4 appropriate rebuttal. It should have been in his direct
5 testimony which would have allowed Gulf Power Company an
6 opportunity to rebut this assertion. And, therefore, we move
7 to strike it on the basis that it is not proper rebuttal and
8 should be excluded from evidence in this cause.

9 COMMISSIONER DEASON: Mr. Haswell.

10 MR. HASWELL: Yes, sir.

11 Well, we respectfully disagree. We think Gulf Power
12 simply doesn't like the testimony. But Mr. Perry's rebuttal
13 testimony on those pages basically relates to Issue 5 regarding
14 whether or not there would be an additional increase in
15 reliability. We made that clear at the prehearing conference
16 that we did not agree with the staff version of that or the
17 Gulf Power version of that, and our issue is still stated in
18 the prehearing order because we believe that we could
19 reasonable respect an increase in reliability of service. That
20 is essentially what Mr. Perry is responding to. It is
21 responsive to Mr. Spangenberg's testimony also at Page 15, Line
22 22 of his testimony.

23 COMMISSIONER DEASON: Could you give me just a
24 moment. This is Witness Spangenberg's direct testimony at what
25 page?

1 MR. HASWELL: Page 15, Line 22 indicating that there
2 is no cost comparison required. What Mr. Perry basically is
3 responding to is that might be. If Enron had consulted West
4 Florida and Alabama Electric there may actually be a cost
5 difference here if we had access to the spare transformer.
6 Keep in mind that when Mr. Perry did his direct testimony there
7 was no testimony. Obviously no one had filed testimony that
8 there was going to be a spare transformer in their substation.
9 That was disclosed by Mr. Howell.

10 So in addition to Spangenberg's testimony, he is also
11 responding to Howell's. Mr. Spangenberg says it again on Page
12 16, Lines 13 to 16 that there is -- that that cost is
13 irrelevant. Well, we would agree, and, in fact, we have agreed
14 that the cost would be the same if the only facilities that are
15 installed are the facilities necessary to serve that customer.
16 Now, when you throw in an additional transformer, that gives
17 West Florida the opportunity or would have given them or may in
18 the future give them an opportunity to deal with Enron
19 Compression Services for use of that transformer which could
20 benefit West Florida's customers in the immediate area. And,
21 of course, Gulf Power has no such customers.

22 Mr. Perry simply is suggesting that West Florida
23 could have arranged a deal with Enron to own an interest in
24 that transformer. It also addresses Mr. Howell's reliability
25 issue. In fact, his testimony is directly responsive to

1 Mr. Howell's testimony where Mr. Howell basically says in
2 response to the question whether there would be a decrease in
3 reliability to either parties' systems, he says no. Mr. Perry
4 says yes. Gulf Power simply doesn't like the answer. And,
5 again, this is the first time in Mr. Howell's testimony that we
6 learned that there was a second dedicated transformer. So it
7 is responsive, it is not outside the scope of his direct, and
8 it is information the Commission really needs to have.

9 MR. STONE: If I may respond.

10 COMMISSIONER PALECKI: Could I ask one question?
11 Just in the last sentence you said something about this was the
12 first time you found out about a dedicated second transformer?

13 MR. HASWELL: Correct. This is the first time that
14 it was disclosed to us in sworn testimony.

15 COMMISSIONER PALECKI: What was the first time?

16 MR. HASWELL: Mr. Howell's testimony.

17 COMMISSIONER PALECKI: Mr. Howell's testimony was the
18 first time you learned of the second dedicated transformer?

19 MR. HASWELL: That we had sworn testimony. We didn't
20 know whether there was one transformer or two. We don't
21 know -- again, I don't want to be testifying here, but the
22 speculation we had is there was going to be a transformer for
23 each motor. Mr. Howell says no, there is one transformer for
24 two motors and the customer is going to have this dedicated
25 spare owned by Gulf Power.

1 COMMISSIONER PALECKI: Thank you.

2 COMMISSIONER DEASON: Mr. Stone.

3 MR. STONE: I believe that the existence of the spare
4 transformer was the subject of discovery prior to the prefiled
5 direct testimony. But even if it was not, the point of the
6 matter is that the issue that Mr. Perry is raising is that
7 there was a way to enhance reliability to the customers, not
8 that -- the comment he is responding to of Mr. Howell,
9 Mr. Howell says there would be no decrease in reliability.
10 Mr. Perry is contending, and we would have responsive testimony
11 that would counter his contention, that they could use the
12 spare transformer to enhance reliability to neighboring
13 customers.

14 That contention is speculative at best, because the
15 customer has asked for a dedicated spare and there is no
16 indication in the record that the customer would allow such use
17 of a spare that they are paying 100 percent of the cost on, and
18 want to pay 100 percent of the cost on in order to ensure its
19 availability to serve them because of their reliability needs.

20 So I content, first of all, that Mr. Perry's
21 testimony is speculative. But the real issue is that he is
22 raising for the first time in his rebuttal testimony his direct
23 testimony that such spare transformer would be available to
24 enhance service to neighboring customers. And that is an
25 issue -- Mr. Haswell stated that that was his wording of the

1 issue. Clearly he intended to raise that from the beginning,
2 but he didn't put it in his direct testimony. Therefore, it is
3 not appropriate rebuttal testimony, it has precluded the
4 opportunity for Gulf to respond to that testimony in their
5 rebuttal, and therefore it should be stricken.

6 COMMISSIONER DEASON: Mr. Stone, explain to me how
7 the testimony that you have identified and the subject of your
8 motion, how is that testimony not responsive to the testimony
9 of Witness Howell?

10 MR. STONE: Mr. Howell was asked the question, will
11 there be a decrease in reliability to any customers because of
12 this service from the 230 kV system; and he said no. Mr. Perry
13 has attempted to take that and expand it to say, but if we had
14 had an opportunity to talk with the customer, we might have
15 been able to use the dedicated spare to enhance reliability.
16 Well, that is not responsive to Mr. Howell's question. That is
17 building on a new issue.

18 And, by the way, I have discovered that the spare was
19 disclosed to Mr. Haswell and his clients on July 2nd, a full --
20 almost a full month before direct testimony was due.

21 COMMISSIONER DEASON: And how was that disclosure
22 made?

23 MR. STONE: It was by response to Gulf Power
24 Company's response to West Florida Electric Cooperative's first
25 set of interrogatories, Item Number 13. "Please provide a

1 description of all facilities and a cost estimate for GPC to
2 construct or to have constructed for it a 230 kV transmission
3 line tap and associated facilities necessary to provide service
4 to --"

5 COMMISSIONER DEASON: Can you slow down? You can
6 slow down, Mr. Stone.

7 MR. STONE: I'm sorry. "Please provide a description
8 of all facilities and a cost estimate for GPC to construct or
9 to have constructed for it a 230 kV transmission line tap and
10 associated facilities necessary to provide service to Station
11 13A.

12 "Answer: Gulf's plans for service to ECS call for
13 the construction of 6.03 miles of single circuit 230 kV
14 transmission line from a three-terminal substation to be
15 located on the Smith Shoal River 230 kV line to a new
16 substation at Station 13A to be called Hinson's Crossroads.
17 The Hinson's Crossroads substation is to have a 33 MVA (top
18 rated at 65 degrees Centigrade Celsius rise) transformer
19 installed to provide service to ECS's electric motor
20 installation. The costs, including all application taxes,
21 fees, and overhead to install to the necessary facilities,
22 excluding the spare transformer, are estimated at 5.5 million.
23 Gulf will also be providing a dedicated spare transformer for
24 which ECS will be paying a separate additional facilities
25 charge."

1 Again, that response was provided to West Florida in
2 a written response dated July 2nd, 2001. And the direct
3 testimony was not due until the end of the month of July.

4 MR. HASWELL: If I could respond to that. Quite
5 frankly, I'm not sure whether Mr. Perry saw that answer, but
6 that is irrelevant. It is the testimony of Mr. Howell and the
7 testimony of Mr. Spangenberg, their direct testimony that Mr.
8 Perry is responding to, and he has every right to take issue
9 with anything that they say in their direct testimony,
10 regardless of when information may have been provided to us by
11 a POD, which incidentally has not been introduced into
12 evidence.

13 The point we are trying to make here is -- well,
14 obviously the real solution, that is the game that is played
15 with everybody puts their direct on and then everybody puts
16 their rebuttal on. The risk you take is you didn't think of
17 something that someone was going to rebut you on. Well, that's
18 why we have cross examination. Mr. Perry is here, he is
19 prepared to get up on the stand, do his summary of his rebuttal
20 and be submitted to Gulf Power for cross examination if that is
21 what they would like to have, which essentially would give them
22 the opportunity for surrebuttal.

23 MR. STONE: And I contend that cross examination is
24 not the remedy that was provided to the parties. The parties
25 were directed to file the direct testimony in support of their

1 direct case, and then they were directed to provide rebuttal
2 testimony to that direct testimony. I contend to you that Mr.
3 Perry's testimony in this instance is direct testimony, not
4 rebuttal, and we should have had an opportunity to file
5 rebuttal testimony to that statement. He has sandbagged us by
6 waiting until the rebuttal testimony deadline to provide this
7 testimony on this issue. And it is not appropriate for this
8 Commission to recognize that testimony. It flies in the face
9 of the procedural order, it flies in the face of fairness, and
10 it should be excluded.

11 COMMISSIONER DEASON: Mr. Haswell, you gave this to
12 me earlier, but I want to make sure that I have it. The
13 testimony that -- the Gulf testimony which you believe the
14 testimony of Witness Perry responds to in rebuttal is found on
15 Page 15 of Witness --

16 MR. HASWELL: Spangenberg.

17 COMMISSIONER DEASON: Spangenberg, right.

18 MR. HASWELL: That's one place. Fifteen, Line 22
19 regarding no cost comparison required. Again, he says that
20 again on Page 16 of his direct, Lines 13 to 16. Also on Page
21 13, Lines 19 to 24 regarding no ownership interest, Mr. Perry
22 is again suggesting that West Florida could have an interest in
23 this transformer, an ownership interest. And, again,
24 responsive directly to Mr. Howell's Page 4, Lines 24 and 25
25 advising that the rules --

1 COMMISSIONER DEASON: Excuse me, you need to slow
2 down also. I'm trying to keep track here.

3 MR. HASWELL: Advising that there will be a second
4 transformer. And, of course, to the very question that Mr.
5 Howell raised in his direct testimony on Page 5, Lines 8
6 through 21 regarding any detrimental effect. It is irrelevant
7 when discovery materials were furnished.

8 COMMISSIONER DEASON: I'm sorry, the last reference,
9 Page 5, Line 21 was which testimony?

10 MR. HASWELL: Page 5, Lines 8 through 21 of Mr.
11 Howell's, which Mr. Perry specifically refers to on Page 5,
12 Line 15 of his rebuttal.

13 COMMISSIONER DEASON: Okay.

14 MR. STONE: With regard to that last passage, Mr.
15 Howell's statement is referring to service to this customer at
16 230 kV. There is nothing in his testimony that speaks as to
17 which utility will be providing that service at 230 kV.

18 COMMISSIONER DEASON: Okay. Thank you. I have heard
19 enough. We are going to take a recess at this point.

20 COMMISSIONER PALECKI: I have a quick question I
21 would like to ask.

22 COMMISSIONER DEASON: Sure.

23 COMMISSIONER PALECKI: Mr. Stone, would it satisfy
24 your concerns if a Gulf Power witness were able to orally rebut
25 the testimony in question this morning?

1 MR. STONE: Commissioner, that is something I would
2 like to talk with my witnesses, but that very well may be a
3 solution. If I may have an opportunity during the break, I
4 will talk with my witnesses and see if I have one that is
5 prepared to do that on rebuttal.

6 COMMISSIONER PALECKI: Because my tendency is to deny
7 the motion, but I would like to give Gulf Power the opportunity
8 if they were surprised by that testimony to respond to it.

9 MR. STONE: If I may have that moment to consult with
10 my witnesses, I would be able to respond to that.

11 CHAIRMAN DEASON: We are going to take a recess at
12 this point, and I will rule on the motions when we come back.
13 And we will take a twenty-minute recess.

14 MR. STONE: Thank you.

15 (Recess.)

16 COMMISSIONER DEASON: We will go back on the record.
17 Mr. Stone, let me make sure that I understand exactly the
18 testimony which you are requesting be stricken. It starts on
19 Line 23 of Page 4 with the phrase -- with the sentence, "As a
20 matter of fact," and proceeds through Page 6, Line 4, correct?

21 MR. STONE: That is correct.

22 COMMISSIONER DEASON: Okay. I just want to make sure
23 before I make my ruling that I had that clarified. I am going
24 to grant the motion in part and deny it in part. I will grant
25 the motion as it relates to the testimony starting on Line 23

1 of Page 4 and continuing through the end of Line 14 on Page 5.
2 I will deny the motion as it relates to the remainder of the
3 testimony in question.

4 I have reviewed these sections of the testimony as
5 well as the cited sections of the direct testimony to which
6 this testimony responds. I believe that part of the testimony,
7 a part of the motion which I am granting, that that testimony
8 goes beyond the scope of the direct testimony and actually
9 offers new information that is not responsive. But as it
10 relates to the remainder, that that is responsive testimony and
11 should be allowed as appropriate rebuttal testimony. That's
12 the ruling.

13 MR. STONE: Very well.

14 COMMISSIONER DEASON: With that, the rebuttal
15 testimony of Witness Perry will be admitted into the record
16 with the exception of the testimony as I indicated earlier
17 beginning on Page 4, Line 23 in the middle of that line to the
18 end of Line 14 on Page 5. That will not be part of the record.

19 Were there exhibits to this testimony? There are no
20 exhibits, correct?

21 MR. HASWELL: No exhibits.

22 COMMISSIONER DEASON: Very well.

1 West Florida Electric Cooperative Association, Inc.
2 Before the Florida Public Service Commission
3 Prepared Rebuttal Testimony of
4 Joseph E. Perry, III, P.E.
5 Docket No. 010441-EU
6 Date of Filing: August 22, 2001
7

8 Q. Please state your name and business address and on whose
9 behalf you are testifying in this proceeding?

10 A. My name is Joseph E. Perry, III, P.E. and my business address is
11 2685 Milscott Drive, Decatur, Georgia 30033, and I am testifying
12 on behalf of West Florida Electric Cooperative Association, Inc.

13 Q. You have already filed direct testimony in this docket, including
14 your testimony as to your qualifications and education, is that not
15 correct?

16 A. Yes, that is correct.

17 Q. What is the purpose of your rebuttal testimony?

18 A. To rebut portions of the testimony of Gulf Power witnesses,
19 Anthony, Howell and Spangenberg.

20 Q. Please go on.

21 A. First, a brief comment on Anthony's Exhibit 1, which is a copy of
22 the Joint Petition that Gulf Power and Enron filed requesting a
23 Declaratory Statement from the Commission. Anthony may have
24 attached it as an exhibit just to back up his testimony that Gulf
25 Power and Enron did in fact file that action, but that is of course of

1 obvious notice to the Commission. If he included it in an attempt
2 to establish the allegations in the Petition as true, then I take issue
3 with parts of it. Specifically, referring to Page 7, Paragraph 9, Gulf
4 Power and Enron attempt to show that West Florida and Alabama
5 Electric Cooperative ("AEC") do not have adequate facilities to
6 serve the additional load at the site of Station 13 (where "Station
7 13-A" will be located), as if to say that that is why Enron had the
8 right to request service from Gulf Power. What is just as true is
9 that Gulf Power has no facilities at all in the disputed area.
10 Whether we agree it's a four-mile radius of the site or just the
11 Florida Gas Transmission property, Gulf Power's facilities are
12 non-existent.

13 Q. What about Mr. Spangenberg's comments that West Florida has
14 "a small distribution feeder" to serve the exiting FGT load?

15 A. The comment is disingenuous in nature and implies that West
16 Florida has an insignificant electric system to serve hardly any
17 load at all. This could not be further from the truth. West Florida's
18 facilities are very adequate to serve the existing FGT load as well
19 as their past load for over 40 years. The distribution circuit is
20 operating at a strong 25 kv distribution voltage level providing for
21 more than adequate capacity as well as stable service voltage
22 conditions.

23 Q. What about Mr. Spangenberg's comment that West Florida could
24 not serve a load even one-tenth the size of the FGT added load

25 A. That refers to his testimony on Page 4, Lines 11 through 13 of his

1 direct testimony. First, the statement is totally irrelevant to the
2 issue at hand and is inappropriate and unnecessary. Neither Gulf
3 Power nor West Florida have adequate facilities to serve the
4 added load at the FGT site. Any distribution provider will have to
5 build new distribution facilities to serve the size load being added.

6 Q. Mr. Spangenberg's comments on Page 6, Line 2 of his testimony
7 imply that only Gulf Power has adequate capabilities to extend the
8 necessary facilities. Is that a true statement?

9 A. No it's not. Mr. Spangenberg is implying that West Florida, with its
10 owned power supplier, AEC, does not have the same capabilities.
11 Both AEC and West Florida have adequate capabilities to extend
12 the necessary facilities to the added load, and have demonstrated
13 that to their existing customers for over 64 years. AEC has
14 access to Gulf Power's 230 kv transmission lines and AEC and
15 West Florida can extend facilities that would not be uneconomic
16 duplication of any existing facilities and can provide adequate and
17 reliable service even as they have to FGT for over 40 years.

18 Q. On Page 12, Lines 20 through 25 of Mr. Spangenberg's direct
19 testimony he claims that West Florida does not directly serve a
20 customer off a dedicated low-side bus of a distribution sub-station.
21 Is that a correct statement?

22 A. It is not completely accurate. West Florida does serve customers
23 off a dedicated low-side bus of a distribution sub-station through
24 their owned power supplier, AEC. AEC has experience in serving
25 a large load customer off a distribution sub-station bus and can

1 provide the necessary expertise in operations and maintenance of
2 the facilities needed for the FGT added load. As a matter of fact,
3 AEC has a major service center located in Chipley, Florida, which
4 is in closer proximity to the Hinson Crossroads area than the
5 service center of Gulf Power Company in Pensacola, Florida. As
6 a practical matter, West Florida can respond to service
7 requirements with its facilities and the facilities of AEC faster than
8 Gulf Power.

9 Q. On Pages 15, Lines 17 through 25, Mr. Spangenberg suggests
10 first that West Florida and AEC would have to build a 230 kv
11 service from Alabama and then suggests that the cost of each
12 utility's extension becomes irrelevant for purposes of awarding
13 service rights if the extension is from the same existing facility.
14 What are your comments regarding that?

15 A. In the first place, West Florida and AEC will not have to extend
16 any of their facilities from Alabama. By appropriate orders of the
17 Federal Energy Regulatory Commission and filed tariffs with the
18 FERC, as well as agreements between AEC and the Southern
19 Company, West Florida will have access through AEC to the Gulf
20 Power 230 kv transmission line at the same point that Gulf Power
21 will tap and extend it to the FGT compressor site. This will enable
22 the facilities to be comparable to Gulf Power's and would not
23 constitute an uneconomic duplication effort. ~~As a matter of fact, if~~
24 ~~Enron had expressed the urgency of the need for service to West~~
25 ~~Florida and AEC, perhaps the lines and sub-station could have~~

1 been built at lower cost than that estimated by Gulf Power. Also, if
2 WFEC and AEC were fully aware of the reliability needs of the
3 FGT load requiring the need for a spare sub-station transformer,
4 perhaps WFEC could have made a significant contribution
5 towards the supply of the second transformer bank. This is a
6 concept that would allow WFEC to utilize the second spare bank
7 to serve West Florida's customers in the disputed area (at least a
8 four-mile radius of the site) until FGT/Enron needed it. Hence,
9 West Florida could economically contribute towards its purchase,
10 and two-thirds to three-fourths of the cost of the transformer would
11 not be unrealistic. Such flexibility would enable West Florida to
12 reduce its line losses by over \$15,000.00 per year as well as
13 improve the service reliability to their customers in the area by
14 approximately 50%.

15 Q. What about Mr. Howell's comments on Page 5, Lines 8 through 21
16 regarding any detrimental effects?

17 A. Mr. Howell claims that the answer to the question, "Would electric
18 service to ECS at Station 13-A have any detrimental effect on the
19 service on any Gulf or West Florida Cooperative customer is,
20 "No." That is not correct. The answer to the question is really,
21 "yes," if Gulf Power were to be permitted to serve the load and not
22 WFEC. In short, there will be a detriment to West Florida's
23 customers if service is provided by Gulf Power. West Florida's
24 customers in the area would be detrimentally affected by not
25 having access to this spare transformer bank required by

1 FGT/Enron. If West Florida and AEC were allowed to serve the
2 FGT/Enron load and had access to the second spare transformer,
3 WFEA could provide more economical and reliable service to its
4 customers in the Hinson Crossroads area.

5 Q. On Page 5, Lines 23 through 6 on Page 6, Mr. Howell appears to
6 assert that Gulf Power will not provide service to any other
7 customer in the area around Station 13-A. Do you have any
8 comments on that?

9 A. Yes, I do. While Gulf Power may not have any plans of serving
10 any other customers in the Hinson Crossroads area, the mere
11 extension of their facilities into West Florida's territory better
12 enables them to position themselves to acquire other customers
13 that may come into the area that West Florida should have the
14 privilege of serving. All they have to do as Mr. Howell stated in his
15 testimony is "install additional transformers and sub-station
16 equipment". Therefore, it would not be difficult at all for Gulf
17 Power to expand its service even further into area already served
18 by West Florida.

19 Q. Does this conclude your testimony?

20 A. Yes, it does.

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1 MR. HASWELL: Commissioner, our next rebuttal witness
2 would be Russell L. Dunaway, and his Exhibit RD-8 and RD-9.

3 COMMISSIONER DEASON: Okay. The Exhibits RD-8 and 9
4 accompanying the prefiled rebuttal testimony of Witness Dunaway
5 will be identified as Exhibit 11 and will be admitted without
6 objection. And the prefiled rebuttal testimony will be
7 inserted into the record.

8 (Exhibit 11 marked for identification and admitted
9 into the record.)

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1 West Florida Electric Cooperative Association, Inc.
2 Before the Florida Public Service Commission
3 Rebuttal Testimony of
4 Russell L. Dunaway
5 Docket No. 010441-EU
6 Date of Filing: August 22, 2001
7
8 Q. Please state your name, business address and occupation.
9 A. Russell L. Dunaway, P.O. Box 127, 5282 Peanut Rd., Graceville,
10 Florida. I am Vice President, Finance and Administration for West
11 Florida Electric Cooperative.
12 Q. Are you the same Russell L. Dunaway that filed direct testimony in
13 this docket dated July 30, 2001?
14 A. Yes.
15 Q. What is the purpose of your rebuttal testimony in this docket?
16 A. My purpose is to rebut portions of the testimony of Mr. T.S.
17 Anthony and Mr. Ted Spangenberg, Jr. testifying on behalf of Gulf
18 Power Company.
19 Q. Do you agree with Mr. Anthony's statement that Gulf's efforts to
20 successfully compete against the natural gas driven compression
21 alternative surpassed West Florida's expectations regarding the
22 ability to achieve a win-win agreement with this customer?
23 A. No. West Florida's expectation is to serve this load. Anthony
24 forgets that between 1997 and November 2000, ECS, FGT or
25 whatever they call themselves did not discuss service with West

1 Florida. As Gulf Power clearly states, all the discussion was
2 between Gulf Power and FGT/Enron. Clearly FGT/Enron and Gulf
3 Power kept West Florida out of the loop. How could we possibly
4 have any expectation of competing against natural gas driven
5 compression when we were not asked about it. And if Anthony is
6 suggesting that the additional load at Station 13-A is competitive,
7 we take issue with it. This is not a competitive load.

8 Q. In the discussions with ECTR in 1996, did they indicate at what
9 rate level electricity would be competitive with natural gas drive
10 compression?

11 A. Yes. Mr. David Brown, Director, ECTR stated the price would
12 have to range between 2 to 3 cents per kilowatt-hour with ETCR
13 owning the substation. In subsequent discussions with Ms. Cheryl
14 Perchal, Vice President, Market Analysis for ETCR they also
15 required a 3.5% annual cap on any future increases. Gulf's
16 present PX rate is 3.8 cents per kilowatt-hour, assuming a 75%
17 load factor, which exceeds the price ETCR indicated would be
18 competitive with natural gas compression. ECS has also agreed to
19 pay Gulf for a stand-by transformer.

20 Q. Mr. Anthony stated that AEC and West Florida demonstrated a
21 lack of energetic interest when contacted in December 1998 by
22 ECS. He implied general discussions concerning the project were
23 conducted with West Florida. Do you recall any discussions
24 between West Florida Electric and ECS in December 1998?

25 A. No. ECS did not make a formal request, in December 1998, for

1 information regarding West Florida's interest in serving the
2 additional load proposed at the FGT pumping station. According to
3 ECS's answer to West Florida's informal interrogatories, "ECS
4 made a phone call to WFEC's general number in December of
5 1998. The phone call was not returned." Our business records do
6 not show any evidence of receiving the call. If the unconfirmed
7 call was ECS only attempt to request a proposal from West
8 Florida, it was ECS that demonstrated a lack of interest in West
9 Florida.

10 Q. Mr. Anthony suggests that Gulf did not provide special contractual
11 arrangements to ECS in order to encourage ECS to choose Gulf
12 as the electric service provider. Would you comment on that
13 statement?

14 A. Our request to review the contract between Gulf and ECS was
15 denied. However, its apparent Gulf entered into a contract with
16 ECS that is completely unique to this customer and therefore is
17 considered a special contractual arrangement. It seems unusual
18 for Gulf, or any utility, to proceed with surveying a six-mile
19 transmission line right-of-way easement in November 2000,
20 several months prior to finalizing the terms of the contract in
21 February 2001.

22 Q. Were Gulf and ECS aware that West Florida would contest Gulf's
23 right to serve the additional load proposed on an existing
24 customer's site, which West Florida has served for over 50 years,
25 prior of their signing the contract on February 13, 2001?

- 1 A. Yes. In fact, thirteen days after signing the contract, on February
2 13, 2001, Gulf and ECS filed a Joint Petition for Declaratory
3 Statement with the FPSC. Preparations for filing the petition were
4 probably made prior to the actual signing of the contract as a
5 result of several letters mailed to ECS from West Florida
6 beginning in December 2000.
- 7 Q. Mr. Spangenberg asserts that ECS is a new customer; hence,
8 Gulf Power has the right to serve it. Is that correct?
- 9 A. No, it is not. FGT, ECS, and Enron North America are all part of
10 Enron Corporation. They all have the same principal place of
11 business in Houston, Texas. In addition, FGT has represented to
12 the Federal Government that it is the owner of Station 13-A and
13 represents 13-A as an expansion of its existing facilities. See my
14 Exhibit _____ (RD – 8), which is an excerpt of several pages
15 from FGT's own filing with the FERC as late as last month (July
16 2001). It would be basically a sham to permit Florida Gas
17 Transmission and Gulf Power to claim that ECS is a new
18 customer. Even if there was any merit to that assertion,
19 nonetheless, the site is wholly within West Florida's service area,
20 the facilities to be constructed will be interconnected with the
21 current customer's facilities, and on that basis alone West Florida
22 is entitled to serve this facility.
- 23 Q. Are Mr. Spangenberg's comments concerning West Florida's lack
24 of ownership in transmission lines and substations accurate?
- 25 A. No. As referenced in my direct-filed testimony, West Florida is a

1 member/owner of AEC and as such, West Florida has joint
2 ownership in all of AEC's assets including 230 kv and 115 kv
3 transmission lines, substations and generation facilities. West
4 Florida has owned and operated substations for over fifty years. If
5 the FPSC rules in favor of West Florida, we plan to own the
6 substation serving the additional load at FGT pumping station
7 13-A.

8 Q. Mr. Spangenberg states that ECS's choice of Gulf is simply a case
9 of free enterprise at work. Do you agree with his assertion?

10 A. No. Gulf Power is a public utility as defined in Chapter 366.02(1)
11 Florida Statutes and West Florida is considered an electric utility
12 as defined in Chapter 366.02(2) Florida Statutes. Both companies
13 are regulated monopolies operating under the jurisdiction of the
14 FPSC. The only free enterprise entity involved is ECS. As such,
15 it is not ECS's right, in the State of Florida, to shop electric rates
16 and choose another electric supplier to furnish electricity to a site
17 that is already receiving central station electricity.

18 Q. Mr. Spangenberg also questions whether ECS could rely on any
19 contract with West Florida, suggesting that the members could
20 change the arrangements and make any deal with West Florida
21 risky. Is that correct?

22 A. No, it is not, and it is basically a ridiculous suggestion. West
23 Florida is bound by its agreements like any other corporation.
24 Gulf Power shareholders can't overrule a binding contract
25 between Gulf Power and another party and neither can West

1 Florida's members. What Gulf Power shareholders and West
2 Florida's members can do, in both cases, is to vote on directors
3 and trustees, either keeping them in office or throwing them out,
4 and ECS will have a direct voice and vote in West Florida's annual
5 meetings and elections. Unless ECS is a stockholder of Gulf
6 Power Company, ECS will have no voice at Gulf Power's
7 stockholder meetings and elections. If what Spangenberg says
8 were true, then he is saying that no agreement with anybody and
9 a member owned utility is binding. I think the Commission would
10 take issue with that regarding all of the territorial agreements it
11 has approved between electric cooperatives, municipalities, and
12 investor owned utilities.

13 Q. How would you characterize Mr. Spangenberg's testimony
14 regarding the FPSC's lack of regulation over the level of West
15 Florida rates?

16 A. He is absolutely wrong. Chapter 366.04 (2) (B) Florida Statutes
17 requires the FPSC to prescribe a rate structure for all electric
18 utilities.

19 Florida Administrative Code Chapter 25-9.051 (7) states "Rate
20 Structure refers to the classification system used in justifying
21 different rates and more specifically; to the rate relationship
22 between various customers classes, as well as the rate
23 relationship between members of a customer class."

24 Mr. Spangenberg has totally misrepresented the facts to mislead
25 the Commission.

1 At the appropriate time, West Florida will develop a rate tariff for
2 this customer class, based on cost of service, and will file the tariff
3 with the FPSC for their approval. ECS will have the right to
4 intervene in the rate approval process and have their concerns
5 voiced to the FPSC. The FPSC will not allow West Florida to
6 subsidize other customer classes by excessively charging this
7 customer. Therefore, the FPSC approval process certainly does
8 control the rate level West Florida will set for this customer.
9 Exhibit_____ (RD-9) shows an example of a Large Power rate
10 tariff with the approval by the FPSC stamped on the back of the
11 tariff. However, West Florida cannot design a rate to submit to the
12 FPSC for approval based on the limited and inconsistent
13 information that has been provided to West Florida from ECS.

14 Q. Is Station 13 merely a maintenance facility as Spangenberg
15 Claims?

16 A. No, it is not. Station 13 is a compression station. West Florida is
17 providing electric service to FGT's facilities, which include gas
18 compression. FGT is expanding that gas compression capability
19 by adding new equipment. Spangenberg is attempting to further
20 confuse the Commission by asserting that this "new " customer
21 called ECS will be providing compression services, which are
22 totally different from what FGT is currently doing on the site and
23 thereby attempting to add credence to this "new customer" theory.

24 Q. Mr. Spangenberg states in his testimony that this area is largely
25 undeveloped. Do you agree with this statement?

1 A. No. Spangenberg is again trying to confuse the Commission by
2 avoiding the word "rural." Interestingly he is somewhat in a box
3 because he claims that the "disputed area: is only the footprint of
4 the equipment. I believe about the only thing under that footprint
5 would be some grass and some trees. But, if you go into what is
6 really the disputed area, a radius of four miles from the site, it is
7 definitely rural and has rural developments in it. It certainly is not
8 developed as an urban area, but the disputed area has fair to
9 moderate density with nearly 400 customers being served by
10 West Florida. This is not miles and miles of uninhabited terrain.

11 Q. Mr. Spangenberg identifies the property as "industrial." What are
12 your comments?

13 A. Again, Mr. Spangenberg is confusing the use that a land owner
14 may want to use his property for, and what is actually out there
15 right now. Again, this is a rural area and on the site itself is a
16 compression station operated by Florida Gas Transmission and
17 served by West Florida. Interestingly, Station 13 is what could be
18 characterized as an industrial use of the property and for the last
19 40 years Gulf Power has not objected to that. He claims that the
20 disputed area is "industrial" when in fact that is just the use that
21 the customer wants to use it for.

22 Q. Do you have any concluding remarks?

23 A. Yes. Gulf Power's basic position in this case is that ECS is
24 entirely a new customer, and has gone to great lengths to make it
25 appear so. But, that position, however, makes about as much

1 sense as an attempt by West Florida and AEC to serve a vacant
2 lot in downtown Pensacola right under Gulf Power's nose. All we
3 would have to do is arrange to have the landowner be someone
4 who has never received service from Gulf Power before, and get
5 him to locate equipment that requires 230 kV service. Then, as
6 GPC claims, we could build a transmission line right to the vacant
7 lot.

8 Q. Does this conclude your rebuttal testimony?

9 A. Yes it does.

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1 MR. HASWELL: And our last rebuttal testimony is the
2 testimony of Mark A. Cicchetti and his Exhibit MAC-1.

3 COMMISSIONER DEASON: Give me just a moment, I need
4 to kind of update my exhibit list here to make sure I'm
5 consistent. Okay, pardon me. The prefiled rebuttal testimony
6 of Witness Cicchetti without objection shall be inserted into
7 the record. Are there exhibits accompanying that testimony?

8 MR. HASWELL: Yes, sir. His qualification, Exhibit
9 MAC-1.

10 COMMISSIONER DEASON: MAC-1 will be identified as
11 Exhibit 12, and without objection shall be admitted.

12 MR. HASWELL: Thank you, sir.

13 (Exhibit 12 marked for identification and admitted
14 into the record.)
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1 West Florida Electric Cooperative Association
2 Before the Florida Public Service Commission
3 Prepared Rebuttal Testimony of
4 Mark A. Cicchetti
5 Docket No. 010441-EU
6 Date of Filing: August 22, 2001
7
8 Q. Please state your name and address and on whose behalf you are
9 testifying in this proceeding.
10 A. My name is Mark Anthony Cicchetti and my business address is
11 2931 Kerry Forest Parkway, Suite 202, Tallahassee, Florida
12 32309. I am testifying on behalf of the West Florida Electric
13 Cooperative Association, Inc. ("WFEC").
14 Q. By whom are you employed and in what capacity?
15 A. I am a Senior Financial Consultant and Manager of the
16 Tallahassee Office for C.H. Guernsey & Co. Guernsey & Co. is
17 an engineering, architectural and consulting firm that has been in
18 business for over 70 years. The services Guernsey provides
19 include: cost of service and rate studies; regulatory and litigation
20 support; economic and financial studies; valuation studies; power
21 supply planning, solicitation, and procurement; fuel purchasing;
22 transmission and distribution planning and facilities design;
23 strategic planning; telecommunications and e-business
24 applications; architectural design for headquarters and warehouse
25 facilities; environmental assessments; security systems, and; web

1 site development and Internet applications. For ten years prior to
2 joining C.H. Guernsey & Co., I was President of Cicchetti & Co., a
3 financial research and consulting firm specializing in public utility
4 finance, economics, and regulation. I also have been employed
5 by the Florida State Board of Administration as Manager of
6 Arbitrage Compliance and the Florida Public Service Commission
7 as Chief of Finance. A detailed narrative description of my
8 experience and qualifications is contained in Exhibit No. ____
9 (MAC - 1).

10 Q. Have you previously testified before this Commission?

11 A. Yes, I have testified before this Commission numerous times.

12 Q. What is the purpose of your rebuttal testimony?

13 A. The purpose of my rebuttal testimony is to address the positions
14 presented by T.S. Spangenberg, Jr. on behalf of Gulf Power
15 regarding the issues identified in this territorial dispute docket. My
16 rebuttal testimony will address Mr. Spangenberg's positions
17 regarding the boundaries of the disputed area, the nature of that
18 area, and the general character and future expectations for that
19 area for other utility services. My rebuttal testimony also will
20 address Mr. Spangenberg's perspective as to the implications that
21 all the facts, issues, and conclusions should have upon the
22 Commission's resolution of this dispute.

23 Q. Please summarize your conclusions.

24 A. Mr. Spangenberg's testimony attempts to portray this territorial
25 dispute as a dispute over a new customer in an unserved area

1 that WFEC is unable to adequately serve. However, an analysis
2 of the facts indicates this dispute is over an attractive new load on
3 the site of an existing customer of WFEC that WFEC has served
4 for 40 years in an area where WFEC historically has been the
5 service provider. In fact, WFEC has distribution infrastructure
6 surrounding the site and WFEC is the sole provider of electricity
7 within 4 miles of the site. WFEC stands ready, willing, and able to
8 provide adequate and reliable service to the site and would be
9 were it not for the interference of Gulf Power.

10 Q. Mr. Spangenberg states the Commission should designate only
11 the confines of the equipment comprising ECS's electric load at
12 Station 13A as the area in dispute. (Spangenberg, pg. 2 line 20)
13 Is this reasonable?

14 A. Absolutely not. If a utility could claim a disputed area to be
15 anywhere it could fit some of its equipment, it would render as
16 useless concepts such as the regulatory compact, service
17 territory, and territorial agreement. For example, the
18 Commission's definition of territorial agreement in Chapter 25-
19 6.0439 of the Florida Administrative Code states: "territorial
20 agreement" means a written agreement between two or more
21 electric utilities which identifies the **geographical area** to be
22 served by each utility. (emphasis added) "Territorial dispute" is
23 defined as "a disagreement as to which utility has the right and the
24 obligation to serve a particular **geographic area**. (emphasis
25 added) Mr. Spangenberg's attempt to subvert the Commission's

1 historical reliance on "territory" meaning "geographical area"
2 highlights the unreasonableness of his position. The regulatory
3 compact is the fundamental principle underlying public utility
4 regulation. Generally, the regulatory compact provides utilities
5 with protection from competition from enterprises offering the
6 same service in the same service area in return for the obligation
7 to serve. If a precedent is set that allows a utility to claim as
8 unserved territory, any area large enough to fit some of its
9 equipment, the protection from competition from enterprises
10 offering the same service in the same service area will be
11 undermined. Such a precedent would require issues such as
12 stranded costs, the obligation to serve, and the public interest to
13 be addressed. In fact, these issues are in the process of being
14 considered in Florida with regard to deregulation. However,
15 Florida still operates under the regulatory compact and Mr.
16 Spangenberg's position is in direct conflict to that compact, the
17 Commission's rules, and precedent. Finally, as recognized by the
18 Commission in Order PSC-98-0174-FOF-EU: "Chapter 366
19 speaks to "Territory," not to customers as the Florida Supreme
20 Court has ruled, a customer has no organic, economic or political
21 right to chose an electric supplier merely because he deems it to
22 be to his advantage, (Story v. Mayo, 217 So.2nd 304 (Fla 1968),
23 Lee County v. Marks, 501 So.2nd 585 (Fla 1987)).
24 Q. Mr. Spangenberg claims there is no utility currently
25 providing service to the area comprising Station 13A.

1 (Spangenberg, pg. 3, line 16) Is his claim correct?

2 A. No. As shown on Gary F. Clark's Exhibit __ (GC-5) , Station 13A
3 will be located within the fenced site of Florida Gas Transmission
4 Company which is currently receiving service from WFEC. Station
5 13A will be immediately adjacent to, or in close proximity of, the
6 feeder line currently provided by WFEC. Mr. Spangenberg's claim
7 that there is no utility currently providing service to the area is
8 misleading and based on his assertion that because construction
9 of the additional compressor station is not complete, there is no
10 customer there and therefore, no utility is supplying service to the
11 area. Again, Mr. Spangenberg is attempting to replace the
12 Commission's historical reliance on territory meaning geographical
13 area with his own interpretation that utilities do not serve
14 prescribed geographic areas. (Spangenberg, pg.3 line 1)

15 Q. Mr. Spangenberg contends that "To designate a "disputed area"
16 that encompasses any area outside of Station 13A presents a
17 potential for prematurely awarding service rights regarding an
18 undeveloped area to one utility or the other." (Spangenberg, pg. 4
19 line 18) Do you agree?

20 A. No. The area in dispute is essentially the area within a four-mile
21 radius of Hinson Crossroads including the site where FGT owns
22 and operates Station 13 and where Station 13A will be
23 constructed. WFEC currently serves the site where Station 13A
24 is to be constructed. WFEC has distribution infrastructure
25 surrounding the site, and WFEC is the sole provider of electric

1 service within 4 miles of the site. WFEC has made meaningful
2 investments to serve this area. Currently, there are no
3 expectations for significant development of the area in the
4 foreseeable future. In fact, Mr Spangenberg states that: "...no
5 additional disputes in the general or larger area are reasonably
6 foreseeable." (Spangenberg, pg 3, line 10) Additionally, Mr.
7 Spangenberg cites Commission Order PSC-98-0174-FOF-EU (at
8 page 10) (Spangenberg, pg. 5, line 1) which states: "...drawing
9 lines on the ground would result in centralized planning by this
10 Commission which is not the most economic way to determine the
11 service areas because it does not take into account market forces
12 which will dictate the manner in which some of the expansion of
13 facilities is going to take place." This cite from Order PSC-98-
14 0174-FOF-EU refers to potential development in unserved
15 territory. The area of dispute in this docket is part of WFEC's
16 service territory and is being served by WFEC. Consequently, Mr.
17 Spangenberg's concerns regarding "drawing lines on the ground"
18 are unfounded. The load at Station 13A would be beneficial to
19 WFEC's customers. It would be unfair to WFEC not to be
20 recognized as the historical provider of service in the disputed
21 area.

22 Q. Mr. Spangenberg states that WFEC's petition in this docket:
23 "...flies in the face of established precedent that honors the
24 customer's choice of electric supplier under circumstances that do
25 not lead to uneconomic duplication of existing electrical facilities."

1 (Spangenberg, pg. 7, line 3) Do you agree?

2 A. No. The Commission's rule regarding territorial disputes is not
3 limited to customer choice and uneconomic duplication. As stated
4 in Chapter 25-6.0441 (2), "In resolving territorial disputes, the
5 Commission **may consider, but not be limited** to consideration
6 of (a) the capability of each utility to provide reliable electric
7 service within the disputed area with its existing facilities and the
8 extent to which additional facilities are needed; (b) the nature of
9 the disputed area including population and the type of utilities
10 seeking to serve it, and degree of urbanization of the area and its
11 proximity to other urban areas, and the present and reasonably
12 foreseeable future requirements of the area for other utility
13 services; (c) the cost of each utility to provide distribution and
14 subtransmission facilities to the disputed area presently and in the
15 future; and (d) customer preference if all other factors are
16 substantially equal. (3) The Commission may require additional
17 relevant information from the parties if so warranted." (emphasis
18 added) Obviously, and contrary to Mr. Spangenberg's attempt to
19 focus only on customer choice and uneconomic duplication, the
20 Commission has broad latitude in resolving territorial disputes. In
21 this docket, with regard to Chapter 25-6.0441(2)(d) and 25-
22 6.0441(3), all other factors are not substantially equal and
23 additional relevant information is warranted. This is not a case
24 where two utilities with similar incremental costs of construction
25 are vying for an unserved customer in unserved territory.
Although both parties can provide adequate reliable service at

1 basically the same incremental cost of construction, the site in
2 question has been served by WFEC for 40 years and the disputed
3 area historically has been served by WFEC. The area is rural in
4 nature and is not expected to change. Therefore, there are no
5 reasonably foreseeable future requirements for other utility
6 services. The added load would be very beneficial to the
7 customers of WFEC, the historical provider of service to the
8 disputed area.

9 Q. Mr. Spangenberg classifies the site of Station 13A as "not rural."
10 (Spangenberg, pg. 7, line 20) Is that an accurate classification?

11 A. No. The site of Station 13A and the area within a four-mile radius
12 is clearly rural. As pointed out by Gary Clark, there are 390
13 services in the area. (Clark, pg. 12, line 4) There are no stores,
14 shops, industries or businesses of any kind within 7 miles of the
15 area with the exception of FGT, a bait and tackle shop and a
16 junkyard. Included in the list of parameters or issues the
17 Commission may consider pursuant to Section 26-6.0441 of the
18 Florida Administrative Code is: "(2) the nature of the disputed area
19 including population and the type of utilities seeking to serve it,
20 and the degree of urbanization of the area and its proximity to
21 other urban areas, and the present and reasonably foreseeable
22 future requirements of the area for other utility services." I believe
23 a reasonable person would interpret the purpose of that guideline
24 to be to provide insight about expected load growth in the disputed
25 area and which party to a dispute may be the best choice to

1 provide service over the long term. WFEC historically has served
2 the site and the area and stands ready, willing and able to provide
3 adequate reliable service to Station 13A. Currently, there are no
4 expectations for significant development of the area in the
5 foreseeable future. The area is rural in nature and is not expected
6 to change. Therefore, there are no reasonably foreseeable future
7 requirements of the area for other utility services.

8 Q. Mr. Spangenberg states: "If ECS receives service at Station 13A
9 from WFEC, ECS will face an unusually high business risk
10 whenever WFEC requires additional operating revenue. When
11 such additional revenue is needed, there would be a natural
12 temptation and tendency to place a disproportionately large
13 amount of the increased revenue burden upon a large customer
14 such as ECS at Station 13A. Although inappropriate by public
15 policy norms, the only real, practical protection that ECS would
16 have from such discriminatory rate-setting practices by WFEC
17 would be an appeal to the management, Board of Directors, or
18 general membership gathered in annual meeting as a single
19 member-owner seeking relief versus the interests of the remaining
20 24,000 member-owners not desiring any revenue increase burden
21 at all." (Spangenberg, pg. 11, line 3) Is Mr. Spangenberg's
22 statement correct?

23 A. No, it is not. WFEC's rates are regulated by the Florida Public
24 Service Commission with regard to unjust or undue price
25

1 discrimination the same as those of Gulf Power. As a practical
2 matter, management is well aware of the potential for deregulation
3 and the need for competitive pricing. Furthermore, an industry
4 observer might consider ECS's chances in a price discrimination
5 dispute to be better against WFEC than against Gulf Power.
6 Additionally, in a price discrimination dispute against WFEC, ECS
7 would have available the forums cited by Mr. Spangenberg that
8 would not be available to ECS in a price discrimination dispute
9 against Gulf Power.

10 Q. Mr. Spangenberg asserts that WFEC would have no ownership of
11 any facilities directly used to provide electric service to Station
12 13A (Spangenberg, pg. 13, line 19) and that WFEC would be
13 operating as a front for AEC. (Spangenberg, pg. 14, line 4) Are
14 Mr. Spangenberg's assertions correct?

15 A. No. It is anticipated that WFEC will own the new substation
16 necessary to serve Station 13A - a \$1.3 million investment.
17 Furthermore, WFEC is a member/owner of AEC (a \$1.1 billion
18 generation and transmission electric cooperative) and should not
19 be considered, in any way, shape, or form as a front for AEC in
20 this territorial dispute.

21 Q. Does this conclude your rebuttal testimony?

22 A. Yes.

23

24

25

1 MR. HASWELL: I think the next two are Mr. Howell and
2 Mr. Spangenberg.

3 MR. STONE: Yes, Commissioner. Mr. Howell's rebuttal
4 testimony and I do not believe there is an exhibit to that
5 testimony.

6 COMMISSIONER DEASON: Okay. The rebuttal testimony
7 of Witness Howell shall be admitted without objection.

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GULF POWER COMPANY

Before the Florida Public Service Commission
Prepared Rebuttal Testimony of

M. W. Howell

Docket No. 010441-EU

Territorial Dispute in Washington County – Enron Compression Services
Date of Filing: August 22, 2001

Q. Please state your name, business address and occupation.

A. My name is M. W. Howell, and my business address is One Energy Place,
Pensacola, Florida 32520. I am Transmission and System Control
Manager for Gulf Power Company.

Q. Are you the same M. W. Howell who has previously filed Direct Testimony
dated July 30, 2001 in this docket?

A. Yes.

Q. What is the purpose of your rebuttal testimony in this proceeding?

A. I will rebut portions of the prefiled testimony of Jeff Parish with regard to
Alabama Electric Cooperative's (AEC) request for transmission service
under Southern's Open Access Transmission Tariff.

Q. What is the major concern with the testimony of Mr. Parish?

A. The testimony attempts to paint a very negative picture of Gulf Power
Company (Gulf) and The Southern Company (Southern), which is contrary
to the real facts. The testimony states that Gulf and Southern appear
reluctant to provide transmission service, and it ignores the fact that
Southern has written Mr. Parish to inform him that the system will provide

1 transmission service if Gulf is denied the right to serve the new customer.
2 Our central concerns regarding the transmission service have been to
3 obtain sufficient information from AEC to process the request and to
4 ensure that the request complies with the requirements of the wholesale
5 transmission tariff established by the Federal Energy Regulatory
6 Commission (FERC).

7

8 Q. What is the relevance to the current territorial dispute of the testimony's
9 discussion of a dispute in the early 1980's?

10 A. None. Again, the wrong color of paint has been used. Rather than the
11 negative characterization in the testimony, the facts are that AEC planned
12 to construct over 60 miles of transmission lines in Northwest Florida in
13 order to serve customers then receiving service from Gulf. Since there
14 were already adequate transmission facilities to provide electric service,
15 these proposed AEC facilities clearly violated the Florida Public Service
16 Commission's (FPSC) policy and state law preventing the uneconomic
17 duplication of facilities. AEC's view of this history is not consistent with the
18 facts and in no way relates to the current issue before this Commission.

19

20 Q. Have Gulf and Southern provided additional transmission service to AEC
21 since the 1980's mentioned above?

22 A. Yes. Mr. Parish acknowledges in his testimony that new transmission
23 service has routinely been provided when requested.

24

25

1 Q. What does the AEC request for transmission service in Alabama have to
2 do with the current dispute before the FPSC?

3 A. Absolutely nothing. Southern offered to provide AEC with the requested
4 service, but the customer did not choose to pursue a relationship with the
5 cooperative and AEC. Thus, that request is completely unrelated to the
6 issue now before the FPSC.

7

8 Q. Why were these historical issues raised in the testimony?

9 A. They serve simply as attempted smoke screens to erroneously imply that
10 Southern is reluctant to provide transmission service.

11

12 Q. Is Southern willing to provide transmission service to AEC to serve the
13 Enron facility if the FPSC determines that Gulf should not serve the
14 customer?

15 A. Yes, if AEC satisfies the requirements of the transmission tariff. We have
16 made that clear to AEC on numerous occasions. We are required by the
17 FERC to ensure that tariff requirements are met prior to providing
18 transmission service. AEC is well familiar with this. The inadequacy of
19 their request, the multiple changes by AEC to their request, the ambiguity
20 of their askings, and their request to delay evaluation of their request,
21 have all exacerbated resolving this issue of transmission service.
22 Nonetheless, Southern has been quite clear that it is willing to provide
23 transmission service to AEC consistent with the requirements of the tariff
24 in the event that West Florida Electric Cooperative has a customer to
25 serve requiring such transmission service.

1 Q. Does that conclude your testimony?

2 A. Yes.

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1 MR. STONE: Next would be the rebuttal testimony of
2 Mr. Spangenberg, and there are two exhibits to Mr.
3 Spangenberg's testimony, they are identified as TSS-1 and
4 TSS-2.

5 COMMISSIONER DEASON: TSS-1 and 2 accompanying the
6 prefiled rebuttal testimony of Witness Spangenberg will be
7 identified as Exhibit 13, and without objection shall be
8 admitted. And the prefiled rebuttal testimony of Witness
9 Spangenberg shall be inserted into the record.

10 (Exhibit 13 marked for identification and admitted
11 into the record.)
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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Rebuttal Testimony of

4 T. S. (Ted) Spangenberg, Jr., P.E.

5 Docket No. 010441-EU

6 Territorial Dispute in Washington County – Enron Compression Services

7 Date of Filing: August 22, 2001

8 Q. Please state your name, address and occupation.

9 A. I am T. S. (“Ted”) Spangenberg, Jr., Gulf Power Company (“Gulf Power”),
10 1230 East 15th Street, Panama City, Florida, 32405. I am Gulf Power
11 Company’s Panama City District Manager.12 Q. Are you the same Ted Spangenberg that provided direct testimony on
13 Gulf Power’s behalf in this Docket?

14 A. Yes, I am.

15 Q. What is the purpose of your rebuttal testimony?

16 A. The purpose of my rebuttal testimony is to correct what I believe to be
17 inaccuracies and/or mischaracterizations contained in the direct
18 testimonies of witnesses William Rimes, Gary Clark, Russell Dunaway,
19 and Joseph Perry on behalf of West Florida Electric Cooperation
20 Association, Inc. (“WFEC”).

21 Q. Have you prepared any exhibits to which you will refer in your testimony?

22 A. Yes, I have prepared two exhibits. The first exhibit is an affidavit from
23 Chris Hilgert, Director of the Enron Compression Services group at Enron
24 North America Corporation. The second exhibit is a letter dated
25

1 December 22, 1995 from David H. Brown, Director Enron Compressor
2 Services, to Jerry W. Smith, Executive Vice President and General
3 Manager of West Florida Electric Cooperative.

4 Counsel: We ask that Mr. Spangenberg's Exhibits be marked
5 as Exhibit No. _____ (TSS-1) and Exhibit No. _____
6 (TSS-2), respectively.
7

8 Q. Do you agree with Mr. Rimes' assertion that Gulf Power Company ("Gulf"),
9 in past times, made a conscious, economic decision to not serve rural
10 areas of northwest Florida and that such a decision continues in effect
11 today?

12 A. No, I certainly do not. This assertion simply is not accurate. For example,
13 Gulf serves more customers than does WFEC within a ten-mile radius of
14 the disputed area, which WFEC acknowledges is a remote, rural area.
15 Further, Gulf's construction of numerous miles of distribution line over the
16 years in southwest Washington County, just a few miles away from
17 Hinsons Crossroads in the area southwest of Vernon, Florida, is an
18 additional, specific example of the fallacy of WFEC's assertion. Gulf's
19 customer density (average number of customers per mile of line) in this
20 area is no higher than the average for WFEC.
21

22 Q. Does Gulf Power willingly serve rural loads?

23 A. Yes, absolutely. That has been true throughout Gulf's history. As noted
24 in the ECS/Gulf joint petition filed in Docket No. 010265-EI, Exhibit _____
25 TSA-1, Gulf has been serving rural electric loads in Washington County

1 since the Company began operating as an electric utility back in 1926.
2 Another example of Gulf's willingness to serve rural loads is a case in
3 Holmes County, within a few miles of Hinsons Crossroads, where a dairy
4 farmer sought three-phase service to a pump last year. The farmer asked
5 for service from WFEC. WFEC suggested that Gulf might be the more
6 appropriate utility to serve the load because WFEC only had single-phase
7 service available in the area; Gulf readily responded and is currently
8 serving that customer. Gulf willingly and routinely serves many rural
9 customers in northwest Florida.

10

11 Q. Does Gulf "cherry pick" loads in applying its "obligation to serve" as
12 suggested by Mr. Rimes?

13 A. No, we do not. Gulf does not abandon its obligation to serve because a
14 load is "unprofitable." The only "selective" application that Gulf makes of
15 its obligation to serve is where such service would constitute uneconomic
16 duplication of another utility's facilities. That is the standard in Florida and
17 that is how Gulf operates.

18

19 Q. Would allowing Gulf to serve Enron Compression Services' ("ECS's")
20 Station 13A create a new public policy regarding "customer choice" and
21 give Gulf "open access" to WFEC's "key accounts"?

22 A. No. First, the type of "customer choice" that has been exercised in favor
23 of Gulf Power in this case is a long-standing concept within territorial
24 issues. It is codified within the Commission's own rules regarding the
25 resolution of territorial disputes in the form of "customer preference" when

1 no uneconomic duplication of facilities is to occur. The type of “customer
2 choice” exercised by ECS in this case is fully and openly embodied in
3 recent territorial agreements reviewed and approved by the Commission,
4 such as the one approved earlier this year between Gulf Power and Gulf
5 Coast Electric Cooperative.

6 Second, WFEC appears to be trying to sound an alarm, albeit a
7 false one, to the Commission by the use of the term “open access.”
8 “Open access” applies to marketers or retailers utilizing the electrical
9 system of a native utility to deliver electricity sales to a purchaser; it does
10 not refer to a utility building a line to make electricity sales to a customer
11 connected to that line, as is the case here.

12 Third, ECS’s electric load at Station 13A is not a “key account” of
13 WFEC. WFEC is not currently serving ECS anywhere or in any fashion.
14 WFEC is not currently serving the electric load in dispute, as the load
15 does not exist. Station 13A has not yet been constructed, and its electric
16 motors will be totally new load.

17
18 Q. What comments do you have regarding WFEC’s concept of “territorial
19 integrity”?

20 A. Mr. Rimes’ concept of “territorial integrity” is puzzling and troubling. He
21 implies that his personal version of territorial integrity is a widely accepted
22 notion. Territorial integrity is not part of the public policy of Florida as
23 embodied in the Florida Statutes or the rules of this Commission
24 regarding territorial matters. As I discussed earlier in this testimony, the
25 public policy in Florida allows customer choice where such choice does

1 not conflict with the statutory policy against further uneconomic duplication
2 of electric facilities. Over the past twenty years, I have watched as others
3 with similar notions to Mr. Rimes have appealed numerous times to the
4 Florida Legislature to enact laws to force their notions upon the citizens
5 and consumers of this state. They urged our lawmakers to establish
6 territorial boundaries throughout the entire state on the basis of the
7 existing presence of any form of electric utility facilities, regardless of how
8 small the distribution line or its capabilities. They appealed to the
9 Legislature on these many occasions because it was clear that their
10 concept of "territorial integrity" was not already embodied within the public
11 policy of this State. Time and time again, the Legislature declined to
12 enact such laws, leaving unblemished the time-honored and time-tested
13 concept of allowing customer choice for service to new loads where such
14 service would not constitute uneconomic duplication.

15
16 Q. Is Mr. Rimes' testimony regarding Gulf Power and the City of Sneads
17 accurate?

18 A. The limited facts he presents may be accurate, but his failure to
19 disclose a key piece of information causes his implication to be
20 misleading. He chose not to reveal that Gulf Power's proposal to
21 the City of Sneads was simply a response to a request from the city
22 itself. This key piece of information can be discerned by reading
23 Mr. Dunaway's exhibit ____ (RD-1) which contains a copy of Gulf's
24 cover letter for that proposal.

25

1 Q. What about Mr. Rimes' testimony regarding past occurrences in
2 which he believes WFEC's "territorial integrity" was violated?

3 A. The examples cited by Mr. Rimes are simply that – situations that
4 violated nothing more than his personal philosophy regarding
5 territorial rights. In none of those examples were any WFEC
6 facilities uneconomically duplicated as a result of Gulf's service to
7 these new loads. These customers desired service from Gulf and
8 are quietly content with the service they are being provided by Gulf
9 pursuant to the choice allowed them under the public policy in
10 Florida. The fact that these customers have not barraged the
11 Commission with complaints and concerns about their options
12 regarding an electric service provider is further affirmation of the
13 effectiveness of this State's present public policy regarding
14 customer choice in the absence of uneconomic duplication. The
15 general public has been and continues to be well served by this
16 established public policy.

17

18 Q. What is your position with regard to Mr. Rimes' characterization of
19 the site of ECS's Station 13A?

20 A. Just as he did in his reference to Gulf "stealing" away a "key
21 account", on page 9 Mr. Rimes continues to imply that Florida Gas
22 Transmission Company ("FGT") and ECS are the same entity and
23 that the site of Station 13And Station 13A are "absolutely the
24 same." Yet a review of Exhibit (GC-5) to the testimony of WFEC's
25 witness Clark shows that Station 13A and the electric substation

1 site to serve it are not overlaid on top of Station 13; rather, they are
2 adjacent to Station 13.

3

4 Q. What about Mr. Rimes' claim that "FGT/Enron" have been "good
5 customers of ours since 1962"?

6 A. As I indicated earlier, WFEC is not currently serving ECS anywhere
7 or in any fashion. The same is true for "Enron." Instead, WFEC
8 serves FGT, a separate company that is only partially owned by
9 Enron. My exhibit ____ (TSS-1) is a copy of an affidavit of Chris
10 Hilgert of ECS in which Mr. Hilgert clearly delineates the
11 relationship of Enron to FGT, including any corporate affiliations
12 and the role of El Paso Energy in that affiliation. This affidavit
13 makes it clear that Enron is not the same as FGT. As a result,
14 ECS is not the same as FGT. A copy of this affidavit was obtained
15 by Gulf from WFEC as part of the discovery process in this docket,
16 hence, WFEC should have been fully aware of its contents prior to
17 the filing of direct testimony.

18 This same affidavit makes it clear that ECS is a service
19 provider to FGT in support of its pipeline operations. Additionally,
20 my exhibit ____ (TSS-2), also obtained by Gulf from WFEC and
21 which is a copy of a letter from Enron to WFEC all the way back to
22 1995, makes it clear that ECS/Enron has always been considered
23 a different entity than FGT and that WFEC has known for several
24 years that this load has always been "...strictly a new load
25 associated with the installation of an incremental drive and

1 compressor set..." and that it "... is not a conversion of any existing
2 natural gas load at FGT's station."

3 In summary, WFEC's assertion that ECS has been their
4 customer and that Gulf is establishing "open access" to their "key
5 accounts" is a false and misleading characterization.
6

7 Q. Does WFEC's witness Mr. Russell Dunaway also make the claim
8 that ECS and FGT are one and the same?

9 A. Beginning on page 3 of his testimony, he appears to make that
10 assertion. Again, for the same reasons cited earlier in rebuttal to
11 another WFEC witness, he is clearly in error on this point. At that
12 same general place in his testimony, Mr. Dunaway, in a fashion
13 similar to other WFEC testimony, also fails to properly characterize
14 the Sneads situation.
15

16 Q. What is your view of Mr. Rimes' claim that Gulf "...may have
17 provided Enron/ECS with erroneous information about our service
18 area..."?

19 A. Such a claim is unfounded and the assertion is illogical, given
20 WFEC's prior discussions with Enron and Gulf's approach to
21 service obligations. Such an assertion directly contradicts WFEC's
22 attempt to construe FGT and ECS as one and the same.
23

24 Q. Do you believe that by allowing Gulf to serve ECS the Commission
25 would violate "...its own precedent, state law, and decisions of the

1 Florida Supreme Court...”, as claimed by Mr. Rimes?

2 A. Certainly not. History is ripe with examples of a utility in Florida
3 being allowed to serve a new customer in close proximity to
4 another utility’s facilities when no uneconomic duplication of
5 facilities would occur. I will cite two recent examples.

6 First, in Gulf Coast Electric Cooperative v. Clark, (1996) the
7 Florida Supreme Court ruled that Gulf Coast Electric Cooperative
8 could serve the Washington County Correctional Institute, located
9 adjacent to Gulf’s 25 kV, three-phase distribution feeder.

10 Second, earlier this year, in FPSC Docket No. 930885-EU,
11 the Commission approved procedures for a utility to extend
12 facilities some distance to serve a customer even though its load
13 might be located immediately adjacent to the facilities of the other
14 utility, with the distance allowance being ever more generous for
15 larger and larger sizes of load. The type of territorial guidelines
16 approved by the Commission earlier this year in Docket No.
17 930885-EU is clearly allowed under the law in Florida as discussed
18 in the Florida Supreme Court’s decision in Gulf Coast Electric
19 Cooperative Inc. v. Johnson, (1999).

20

21 Q. In your opinion, does Mr. Dunaway properly characterize WFEC’s
22 “obligation to serve”?

23 A. Mr. Dunaway discusses WFEC’s “obligation to serve” in a way that
24 might lead some readers to equate WFEC’s obligation to that of
25 Gulf. However, a careful reading of his clarifying comments shows

1 that any "obligation" of WFEC is self-imposed, either by the policy
2 of its Board or its adherence to "RUS's area coverage policy."
3 Gulf's "obligation to serve" is a provision of Florida Statutes, a
4 provision that does not apply to WFEC.
5

6 Q. Do you agree with Mr. Clark's characterization of the "area in dispute" as
7 "the area within a four-mile radius of Hinson(*sic*) Crossroads..."?

8 A. No, I do not agree with Mr. Clark's characterization of the size of the area
9 in dispute. On the other hand, I agree with his claim that the area within a
10 four-mile radius of Hinson's Crossroads is "remote and very rural" and that
11 the area is largely undeveloped, with no stores, shops, industries, or
12 businesses except a few that he names.

13 If, in fact, the Commission elects to designate the entire area cited
14 by Mr. Clark as the "area in dispute", then, by WFEC's own testimony, the
15 entire area comprising approximately 25 square miles is generally
16 undeveloped. Presumably, WFEC's initial petition giving rise to this
17 docket is therefore asking the Commission to award the exclusive service
18 rights to this entire, undeveloped area to WFEC despite the fact that there
19 is no active controversy involving any customer request for service at any
20 location other than the parcel of land on which ECS's new electric load at
21 Station 13A will be located.
22

23 Q. Is that an appropriate action for the Commission to take in this case?

24 A. No. Such action would in essence be the same as placing a "line on the
25 ground" that would encircle 16,000 acres. In that scenario, Commission

1 precedent would clearly prevent such a result. In its Order No. PSC-98-
2 0174-FOF-EU the Commission found that:

3 "In undeveloped areas, a line on the ground will eliminate the
4 flexibility the utilities need to determine which one is in the most
5 economic position to extend service." (Page 9)

6 Once again, the Commission properly focused on economics, thereby
7 sustaining the fundamental public policy of the avoidance of uneconomic
8 duplication of facilities as the basis for resolution of territorial matters.
9

10 Q. Does Mr. Clark accurately characterize the existence of their facilities on
11 the FGT site?

12 A. I certainly don't believe so. His testimony states that WFEC has "a three-
13 phase service on that (FGT) property now", yet WFEC's answer to
14 interrogatories and my own field surveys reveal that WFEC has no
15 facilities on the property. Further, they have no facilities located on the
16 site that will contain ECS's Station 13A.
17

18 Q. Does Mr. Clark's testimony confirm a clear distinction in FGT load versus
19 the new ECS load?

20 A. Yes. He reveals that the existing FGT load has a peak demand of only
21 159 kW. This is in stark contrast to the new ECS load that will have a
22 peak demand of more than 100 times this amount. These are clearly two
23 different customers with huge differences in load characteristics.
24
25

1 Q. Do you concur with Mr. Joseph Perry's testimony that WFEC is "capable
2 of providing adequate and reliable service to the disputed area"?

3 A. While WFEC may, ultimately, be able to adequately serve the disputed
4 area, it is clear that WFEC's capability of serving Station 13A is essentially
5 contained within their ability to utilize the 230 kV transmission facilities of
6 Gulf Power. Without access to Gulf's system or that of some other third
7 party, they do not have the capability to serve Station 13A, hence, the
8 disputed area.

9 Further, Mr. Perry indicates that the load projection for WFEC in
10 the disputed area, as they define it, is approximately 3000 kW and is
11 projected to grow approximately two percent per year. His projections
12 obviously do not include WFEC serving Station 13A. Station 13A is
13 clearly a load that WFEC and its planning engineers do not and have not
14 planned to serve.

15

16 Q. Does this conclude your testimony?

17 A. Yes, it does.

18

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1 MR. STONE: One more matter for the record,
2 Commissioner. During the break I was able, with the assistance
3 of staff, to obtain copies of the errata sheets for the
4 depositions of Witnesses Howell, Spangenberg, and Anthony. And
5 I have provided the original of the errata sheet to the court
6 reporter, and I have provided copies to each of the
7 Commissioners, to staff counsel, to staff's technical
8 representative and to counsel. I have additional copies over
9 here on the bar if anyone else needs a copy.

10 MR. HASWELL: Commissioner, that leaves Item Number 6
11 of our --

12 COMMISSIONER DEASON: Just a moment, let me make sure
13 that I understand. As it relates to Stipulation Item 3, since
14 the motion was denied in part, is there need to have any
15 questions for Witness Perry?

16 MR. STONE: No, there is not.

17 COMMISSIONER DEASON: Very well. Mr. Haswell.

18 MR. HASWELL: Yes. And the final matter,
19 Commissioner, is the deposition of Chris Hilgert to be
20 identified as an exhibit and entered into evidence including
21 the errata sheet together with the letter of transmittal. And
22 I believe Mr. Stone already has a copy of that. And I have the
23 original and 15 copies I can either take it to the Clerk's
24 Office or leave it with the court reporter. And I guess that
25 would be Exhibit 14.

1 COMMISSIONER DEASON: That is correct, that will be
2 Exhibit 14, and this is the deposition of Chris Hilgert. Do
3 you have a date for that deposition?

4 MR. STONE: September 11th.

5 COMMISSIONER DEASON: September 11th.

6 MR. HASWELL: How could we forget.

7 COMMISSIONER DEASON: September 11th, yes, that is a
8 memorable day. That deposition shall be identified as Exhibit
9 14 and without objection shall be admitted.

10 (Exhibit 14 marked for identification and admitted
11 into the record.)

12 Where are we at this point? We have at this point
13 admitted all testimony, subject to the one motion to strike,
14 and all of the accompanying exhibits. So the record at this
15 point -- and we also have identified and admitted all the
16 depositions which the parties agreed to enter. So at this
17 point the record is complete, is that correct?

18 MR. HASWELL: Yes, sir.

19 MR. STONE: Yes, sir.

20 COMMISSIONER DEASON: Very well.

21 MR. HASWELL: Commissioner, I do have one question.
22 According to the time frame, the briefs are due October -- I'm
23 sorry, where is it? I think it's October 10th, and that is a
24 rather short time frame depending on when we get the
25 transcript, because we really need the transcript before we can

1 do our briefs. I don't know whether Gulf Power would have any
2 objection or not, but whether we got maybe a week or two more
3 to do that or whether that is a problem for anybody.

4 COMMISSIONER DEASON: Well, let me -- when is the
5 transcript scheduled to be provided?

6 MS. STERN: In about a week and a half.

7 COMMISSIONER DEASON: I'm sorry, you can have that
8 sooner? The middle of next week? About a week from now. I
9 have just been provided a CASR, and let me take a moment and
10 review that. The briefs are due October the 10th. We
11 anticipate that transcripts would be available approximately
12 the 26th of September, which would be two weeks to do briefs.
13 And you are indicating, Mr. Haswell, that you would think it
14 would be advisable to have a greater length of time to do the
15 briefs?

16 MR. HASWELL: I would prefer at least one more week,
17 so to have 21 days instead of 14 days.

18 COMMISSIONER DEASON: Mr. Stone.

19 MR. STONE: It's whatever the Commission's pleasure
20 is.

21 COMMISSIONER DEASON: Staff, right now we are
22 scheduled to take this matter to agenda on November the 19th.

23 MS. STERN: That is correct.

24 COMMISSIONER DEASON: I guess my question is if we
25 extend the briefing schedule we would extend the recommendation

1 date, and thus the date that it would be presented to the
2 Commission for decision.

3 MR. STONE: Commissioner, if I may, I would hope that
4 we would not necessarily to have to extend the deadline for the
5 agenda. We are continuing to incur costs relative to this
6 transmission line, and it was the subject of our joint petition
7 for declaratory statement back in February to remove this
8 uncertainty.

9 MR. HASWELL: Commissioner, I can solve this problem.
10 We will stick with the 10th. We will do it.

11 COMMISSIONER DEASON: Okay. That's fine. We
12 appreciate that, Mr. Haswell. Because I was looking at the
13 calendar, and the next available date would be December the
14 4th. So we are just going to keep with the schedule as is.
15 Anything else to come before the Commission at this time?

16 MR. STONE: None for Gulf.

17 MR. HASWELL: None for West Florida.

18 COMMISSIONER DEASON: Staff?

19 MS. STERN: Nothing from staff.

20 COMMISSIONER DEASON: Commissioners?

21 COMMISSIONER JABER: Commissioner Deason, may I ask
22 about a pending motion? On Page 15 it indicates that one of
23 the parties filed a motion to quash subpoena. I'm wondering if
24 that has been withdrawn?

25 MR. HASWELL: Commissioner Jaber, we withdrew the

1 subpoena.

2 COMMISSIONER JABER: Thank you.

3 COMMISSIONER DEASON: I want to take this
4 opportunity to recognize the extreme hard work that all the
5 parties have put in and the diligence and the cooperation and
6 having this case provided to the Commission in an expedited and
7 concise manner. I think that we have a very complete record,
8 and it has been done expeditiously, and I know that that does
9 not happen without great effort on all the parties' parts. And
10 so speaking for myself, and I think my fellow Commissioners, as
11 well, we acknowledge that and we do appreciate it. And your
12 diligence and hard work is recognized.

13 MR. HASWELL: Thanks you, sir.

14 COMMISSIONER DEASON: And, Staff, you, too. I'm not
15 leaving you out of this. But a lot your work is yet to be
16 done.

17 MS. STERN: That's true.

18 COMMISSIONER DEASON: Okay. With that, this hearing
19 is adjourned. Thank you all.

20 (The hearing concluded at 11:20 a.m.)

21

22

23

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25

1
2 STATE OF FLORIDA)

3 : CERTIFICATE OF REPORTER

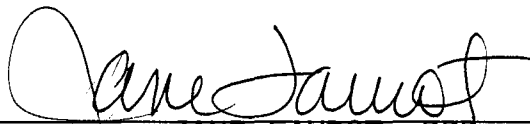
4 COUNTY OF LEON)

5
6 I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter
7 Services, FPSC Division of Commission Clerk and Administrative
8 Services, do hereby certify that the foregoing proceeding was
9 heard at the time and place herein stated.

10 IT IS FURTHER CERTIFIED that I stenographically
11 reported the said proceedings; that the same has been
12 transcribed under my direct supervision; and that this
13 transcript constitutes a true transcription of my notes of said
14 proceedings.

15 I FURTHER CERTIFY that I am not a relative, employee,
16 attorney or counsel of any of the parties, nor am I a relative
17 or employee of any of the parties' attorney or counsel
18 connected with the action, nor am I financially interested in
19 the action.

20 DATED THIS 24th day of September, 2001.

21
22 

23 JANE FAUROT, RPR
24 Chief, Office of Hearing Reporter Services
25 FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition to resolve territorial dispute
with Gulf Power Company in Washington
County by West Florida Electric
Cooperative Association, Inc.

Docket No. 010441-EU
Date Filed: September 19, 2001

STIPULATION

The parties, West Florida Electric Cooperative, Inc. ("WFEC") and Gulf Power Company, ("Gulf Power"), by and through their respective undersigned attorneys, in an effort to expedite conduct of the hearing in this cause, agree to the following:

1. Each party will make an opening statement no longer than 10 minutes.
2. Each party agrees that the prefiled direct and rebuttal testimony of all witnesses will be inserted into the record as though read, that cross examination be waived, and that the witness's need to take the stand for purposes of giving a summary also be waived. Certain witnesses may still take the stand as noted in paragraph 3 and paragraph 4 below.
3. WFEC's witness Joe Perry will be called to the stand for the purpose of allowing Gulf Power to move to strike portions of his testimony. If Gulf Power's motion is granted, the remainder of Mr. Perry's testimony will be treated the same as all other witnesses pursuant to paragraphs 2 and 4.
4. The parties acknowledge that Commission Staff has limited questions for the following witnesses:
 - a. Russell Dunaway for WFEC
 - b. T. S. Spangenberg or M. W. Howell for Gulf Power

The parties further acknowledge that the Commissioners may have questions for these or other witnesses. Following such questions by either Commission Staff or Commissioners, the parties will be allowed to ask follow-up questions in the form of re-cross or re-direct. The re-cross or re-direct shall be limited in scope to the subject matter and answer provided in response to the questions asked by Commission Staff or Commissioners.

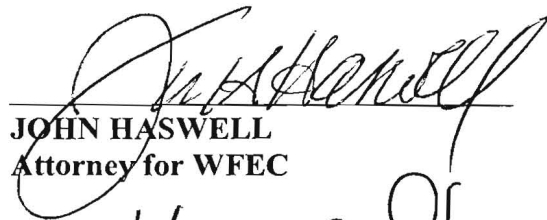
5. The depositions of witnesses Anthony, Spangenberg and Howell, as signed by the witnesses including any errata sheets, shall be identified as an exhibit to the hearing and admitted into evidence.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EU EXHIBIT NO. 1
COMPANY/ Gulf Power / WFEC
WITNESS. 9-19-01
DATE: 9-19-01

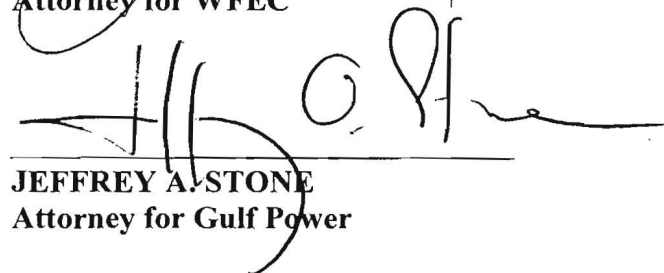
6. The deposition of Chris Hilgert, as signed by the witness including any errata sheets together with the letter of transmittal to Mr. Haswell will be identified as an exhibit and admitted into evidence.

Dated this 18th day of September, 2001.

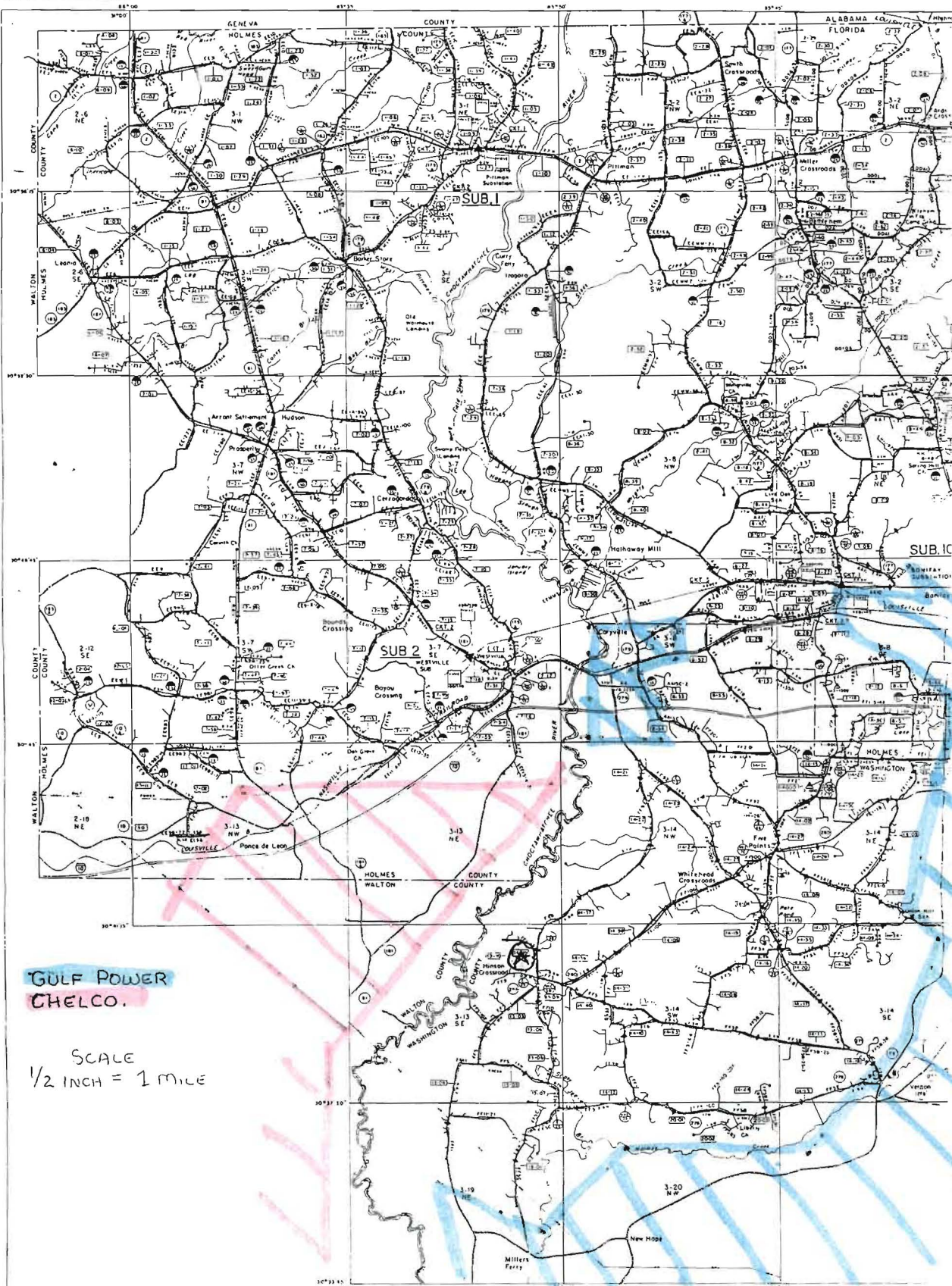
Respectfully submitted,



JOHN HASWELL
Attorney for WFEC



JEFFREY A. STONE
Attorney for Gulf Power



to J. M. Lee & Annie Lee
8 and 9

RIGHT-OF-WAY EASEMENT

KNOW ALL MEN BY THESE PRESENT, that the undersigned J. M. Lee
Annie Lee (husband and wife) for a good and valuable consideration, the receipt
whereof is hereby acknowledged, does hereby grant unto West Florida Electric Coopera-
tive Association, Inc., a corporation, whose postoffice address is Graceville, Florida,
and to its successors or assigns, the right to enter upon the lands of the under-
signed, situated in County of JACKSON, HOLMES, CALHOUN, WASHINGTON, CHIEF
(Cross out those that do not apply)

State of Florida, and more particularly as follows:
Sec. 14 and 9 Twp 3 Range 6

and to place, construct, operate, repair, maintain, relocate and replace thereon and
in or upon all streets, roads or highways abutting said lands and electric transmiss-
ion or distribution line or system, and to cut and trim trees and shrubbery to the
extent necessary to keep them clear of said electric line or system and to cut down
from time to time all dead, weak, leaning or dangerous trees that are tall enough to
strike the wires in falling.

In granting this easement it is understood that at pole locations, only a single
pole and appurtenances will be used, and that the location of the poles will be such
as to form the least possible interference to farm operations, so long as it does not
materially increase the cost of construction.

The undersigned covenants that he is the owner of the above described lands and
that the said lands are free and clear of encumbrances and liens of whatsoever
character except those held by the following persons:

It is further understood that, whenever necessary, words used in this instrument
in the singular shall be construed to read in the plural and that words used in the
masculine gender shall be construed to read in the feminine.

IN WITNESS WHEREOF, the undersigned has set his hand and seal this 7 day of
Dec., 1985.

J. M. Lee (L. S.)
Annie Lee (L. S.)

Signed, sealed and delivered in the
presence of:

Carlton Franklin
J. M. Lee
STATE OF FLORIDA, Washington COUNTY

Before me personally appeared J. M. Lee and
Annie Lee, to me well known to be the persons described in
and who executed the foregoing written instrument, and acknowledged the execution
thereof to be their free act and deed for the uses and purposes therein expressed.

And the said Annie Lee, known to me to be the wife of the said
J. M. Lee, upon private examination taken and made by me
separate and apart from her said husband acknowledged that she executed said instru-
ment freely and voluntarily, for the uses and purposes therein set forth, without
any apprehension, fear, compulsion or constraint of or from her said husband.

WITNESS my hand and official seal this April 6 1986.

Carlton Franklin

Notary Public, State of Florida at Large.
My commission expires March 31, 1990.
Bonded by American Surety Co. of N. Y.

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola FL 32520-1151
Telephone 904 444-6382

Exhibit ____ (RD-1)

John E. Hodges, Jr.
Vice President - Customer Service
and Division Operations

the southern electric system

February 14, 1990

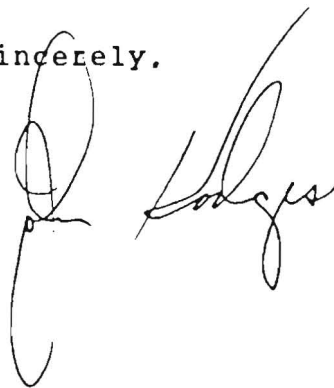
Ms. Linda F. Herndon
Town Clerk - Town of Sneads
Post Office Drawer 159
Sneads FL 32460

Dear Ms. Herndon:

Enclosed for your review and consideration is Gulf Power Company's proposal for providing retail electric service to the Town of Sneads. This proposal is being submitted per your letter of request dated November 7, 1989.

Please direct all inquiries regarding our proposal to Mr. Charles B. Davis, P.O. Box 1151, Pensacola, Florida 32520-1151 or call (904) 444-6560. If the Town Council desires, Mr. Davis will meet with you or the council members at your request and convenience to provide any assistance in reviewing and analyzing your current and future electrical requirements.

Sincerely,



jlp

Enclosure

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 01044-EL EXHIBIT NO. 3
COMPANY/
WITNESS: Duncan
DATE: 2-19-90



West Florida Electric Cooperative Association, Inc.

Exhibit ____ (RD-2)

(A composite of 9 pages)

P. O. Box 127
Graceville, Florida 32440-0127
(904) 263-3231
1-800-342-7400

P. O. Box 37
Bonifay, Florida 32425-0037
(904) 547-9325

P. O. Box 1100
Sneads, Florida 32460-1100
(904) 593-6491

December 8, 1995

Mr. David Brown
Director
ENRON Capital & Trade Resources
1400 Smith Street
Houston, TX 77002-7361


Dear Mr. Brown:

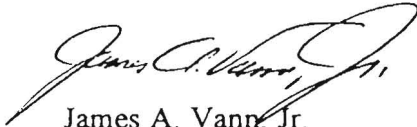
West Florida Electric Cooperative (WFEC) and Alabama Electric Cooperative (AEC) are pleased to provide a proposal for service to the Florida Gas Transmission Company "pumping station", located at Hinson's Crossroads, Washington County, Florida. Our organization has a commitment to the progress and development of our region. We appreciate the opportunity to pursue a mutually beneficial relationship between our companies.

AEC is the wholesale power supplier owned by West Florida Electric Cooperative and twenty (20) other electric power distributors in Alabama and Florida. AEC operates 820 MW of generation including coal-fired, gas-fired and hydro generating plants. AEC's use of its in-house generation, and matching of out-of-state purchases, has enabled it to have rate stability since 1983. In fact, AEC's cost to its members is some 12% lower than it was in 1983. Rate stability continues to be one of AEC's long term strategic objectives.

We assure you full assistance and cooperation of both West Florida Electric Cooperative and AEC in providing a competitive power supply proposal and the best quality of service.

Very truly yours,


Jerry W. Smith
Executive Vice President
& General Manager
West Florida Electric Cooperative


James A. Vann, Jr.
President and Chief
Executive Officer
Alabama Electric Cooperative, Inc.

JAVjr:JWS:kdw

PROJECT DESCRIPTION
ENRON Capital & TRADE Resources
Holmes County, Florida (Hinson Crossroads)
West Florida Electric Cooperative

On November 20, 1995, Mr. David Brown, Director of **ENRON** personally petitioned West Florida EC, Graceville, Florida to provide a "Proposal" for service to a **Florida Gas Transmission Company Pumping Station** located approximately one mile north of Hinson's Crossroads in Washington County, Florida (Map enclosed).

SERVICE REQUEST

ENRON is proposing to convert energy service at the pumping station from natural gas to electricity. At present, Hinson's Crossroads Pumping Station energy is generated by natural gas from the Florida Gas Transmission Company. The pumping station services three existing pipe lines, an 18 inch, a 24 inch gas line and a recently installed 36 inch pipe line for transmitting coal slurry.

The request from **ENRON** is for WFEC and AEC to provide electrical service to energize a proposed 10,000 horse power electric motor (7.5 MW load) with an estimated 70 to 75 percent load factor (winter 50 percent [6 months] and summer 100 percent [6 months]). The proposed electric motor will be servicing the existing two gas pipe lines and the new coal slurry pipe line.

ENRON indicates that the project will require a 2 to 3 cents KWH cost, high reliability, and **ENRON** owning the required electrical substation. Also, if construction of additional transmission lines is required to connect the facility, **ENRON** will be expected to provide contribution in aid to the construction.

POWER SUPPLIER

West Florida Electric Cooperative

West Florida Electric (WFEC) was formed in 1937 by rural residents of Washington, Holmes, Jackson, Calhoun counties to provide electricity to areas not served. West Florida is a member owned, non-profit organization controlled by the consumers it serves and governed by a nine-member board of trustees, elected by membership.

WFEC distributes, at-cost, electric service to 18,000 members. In addition to electric service, WFEC offers a variety of marketing programs or member services, including Direct Broadcast Satellite System Sales, the Good Cents Home Certification Program, surge protector sales and leasing, the Mainstreet Messenger emergency response system, and Rural TV programming for C-band Satellite systems. WFEC is actively involved in a variety of economic development projects throughout its service area.

WFEC's power supplier is Alabama Electric Cooperative (AEC), a generation and transmission cooperative located in Andalusia, Ala. AEC provides wholesale power to 16 distribution cooperatives, four municipalities and one industrial member. AEC's member owners serve the electrical needs of more than 280,000 customers of 39 counties in Alabama and 10 counties in Northwest Florida.

AEC operates 820 MW of generation including coal fired, gas fired and hydro generating plants. AEC and its member-owners purchase some 178 MW of capacity and energy from the Southeastern Power Administration, a federal power marketing agency. In addition, two hundred and fifty megawatts (250 MW) of long-term capacity is purchased from two utilities outside the state of Alabama. AEC's use of its in-house generation, and long-term purchases, coupled with active participation in the regional spot energy market, has enabled it to have rate stability since 1983.

RATES

The following rate estimates are provided, as requested by **ENRON**, for the purpose of project feasibility. Rate calculations and the enclosed tariff are prepared and subject to approval by the West Florida Electric Cooperative Board of Trustees and the Rural Utilities Service and subject to review by the Florida Public Service Commission.

WEST FLORIDA ELECTRIC COOPERATIVE HIGH LOAD FACTOR RATE

HINSONS CROSSROADS

7,500 kVA
4,106,250 KWH
75.00% Load Factor

Voltage Level: 25 kV or less

<i>AEL WHOLESALE</i>					
A. Demand Charge:	<i>8.41</i>	<i>#63,075</i>	\$9.61	x 7,500 kVA	= \$72,063.00
B. Energy Charge:	<i>0.01942</i>	<i>79,743</i>	\$0.01920	x 4,106,250 KWH	= \$78,825.22
C. Fuel Adjustment:	<i>(0.0006)</i>	<i>(2464)</i>		x 4,106,250 KWH	= <i>(2464)</i> \$0.00
D. Subtotal	<i>\$140,354</i>	<i>5.8</i>	<i>75% Margin</i>		\$150,888.22 <i>\$148,424.88</i>
M/KWH					36.75
E. Gross Receipts Tax		2.50%	x Subtotal	=	\$3,772.21
F. State Sales Tax		7.00%	x Subtotal	=	\$10,562.18
G. Small Counties Tax		1.00%	x Subtotal	=	\$1,508.88
Total					\$166,731.48
M/KWH					40.60

**WEST FLORIDA ELECTRIC COOPERATIVE
HIGH LOAD FACTOR RATE**

HINSONS CROSSROADS

7,500 kVA
4,106,250 KWH
75.00% Load Factor

Voltage Level: 46 kV or 59 kV

A. Demand Charge:	\$9.22	x	7,500 kVA	=	\$69,156.00
B. Energy Charge:	\$0.01920	x	4,106,250 KWH	=	\$78,825.22
C. Fuel Adjustment:		x	4,106,250 KWH	=	\$0.00
D. Subtotal					<u>\$147,981.22</u>
M/KWH				36.04	
E. Gross Receipts Tax	2.50%	x	Subtotal	=	\$3,699.53
F. State Sales Tax	7.00%	x	Subtotal	=	\$10,358.69
G. Small Counties Tax	1.00%	x	Subtotal	=	\$1,479.81
Total					<u>\$163,519.25</u>
M/KWH				39.82	<u>=====</u>

**WEST FLORIDA ELECTRIC COOPERATIVE
HIGH LOAD FACTOR RATE**

HINSONS CROSSROADS

7,500 kVA
4,106,250 KWH
75.00% Load Factor

Voltage Level: Above 69 kV

A. Demand Charge:	\$8.80	x	7,500 kVA	=	\$66,019.50
B. Energy Charge:	\$0.01920	x	4,106,250 KWH	=	\$78,825.22
C. Fuel Adjustment:		x	4,106,250 KWH	=	\$0.00
D. Subtotal					<u>\$144,844.72</u>
M/KWH				35.27	
E. Gross Receipts Tax	2.50%	x	Subtotal	=	\$3,621.12
F. State Sales Tax	7.00%	x	Subtotal	=	\$10,139.13
G. Small Counties Tax	1.00%	x	Subtotal	=	\$1,448.45
Total					<u>\$160,053.41</u>
M/KWH				38.98	

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

LARGE POWER HIGH LOAD FACTOR

RATE SCHEDULE LPH

AVAILABILITY:	Available throughout the area served by the utility.												
APPLICABILITY:	Applicable for three phase lighting and power service to any customer whose actual measured demand is not less than 5,000 kilowatts (kW), with an annual load factor of not less than seventy-five percent (75%). Service to two or more premises shall not be combined nor shall service furnished hereunder be shared with or resold to others. All service shall be taken at the same voltage and from a single delivery point, and shall be measured by a single meter.												
CHARACTER OF SERVICE:	Three phase service at the voltage of the available transmission lines of the Cooperative or at the secondary voltage of transformation facilities supplied from such lines.												
LIMITATION:	Subject to all of the rules and regulations of this tariff and general rules and regulations of the utility.												
WHOLESALE DELIVERY VOLTAGE ADJUSTMENT:	The Demand Charge in the MONTHLY RATE provision is based upon the Cooperative receiving electric service from its wholesale power supplier at a certain nominal voltage. The Cooperative may adjust the Demand Charge as stated below to reflect the difference between Alabama Electric Cooperative's wholesale demand charges at various delivery voltages.												
MONTHLY RATES:	<table><tr><td colspan="2">Demand Charge</td></tr><tr><td>(25 kV or less):</td><td>\$9.61 for all kVA.</td></tr><tr><td>(46 kV or 69 kV):</td><td>\$9.22 for all kVA.</td></tr><tr><td>(Above 69 kV):</td><td>\$8.80 for all kVA.</td></tr><tr><td>Energy Charge:</td><td>\$.01920 for all kWh.</td></tr></table>			Demand Charge		(25 kV or less):	\$9.61 for all kVA.	(46 kV or 69 kV):	\$9.22 for all kVA.	(Above 69 kV):	\$8.80 for all kVA.	Energy Charge:	\$.01920 for all kWh.
Demand Charge													
(25 kV or less):	\$9.61 for all kVA.												
(46 kV or 69 kV):	\$9.22 for all kVA.												
(Above 69 kV):	\$8.80 for all kVA.												
Energy Charge:	\$.01920 for all kWh.												
MINIMUM CHARGE:	In consideration of the readiness of the Cooperative to furnish service, no monthly bill will be rendered for less than the charge for capacity plus applicable taxes.												

Subject to board and PSC approval

ENERGY CHARGE
ADJUSTMENT:

The energy charge may be adjusted by an amount per kilowatt-hour equal to the Fuel and Power Cost Adjustment Charge billed by Alabama Electric Cooperative to the Cooperative for the current month.

WHOLESALE
RATE ADJ.:

Should there be any change in the wholesale rate under which the Cooperative purchases power from Alabama Electric Cooperative, the Cooperative reserves the right to modify the charges and provisions stated herein correspondingly.

DETERMINATION OF
BILLING DEMAND:

The billing demand shall be the maximum integrated 15 minute demand in kVA, but shall not be less than 90% of the highest demand established during the preceding 11 months. The Cooperative, at its option, may grant a development period of six (6) months during which, for billing purposes, the contracted load may be waived.

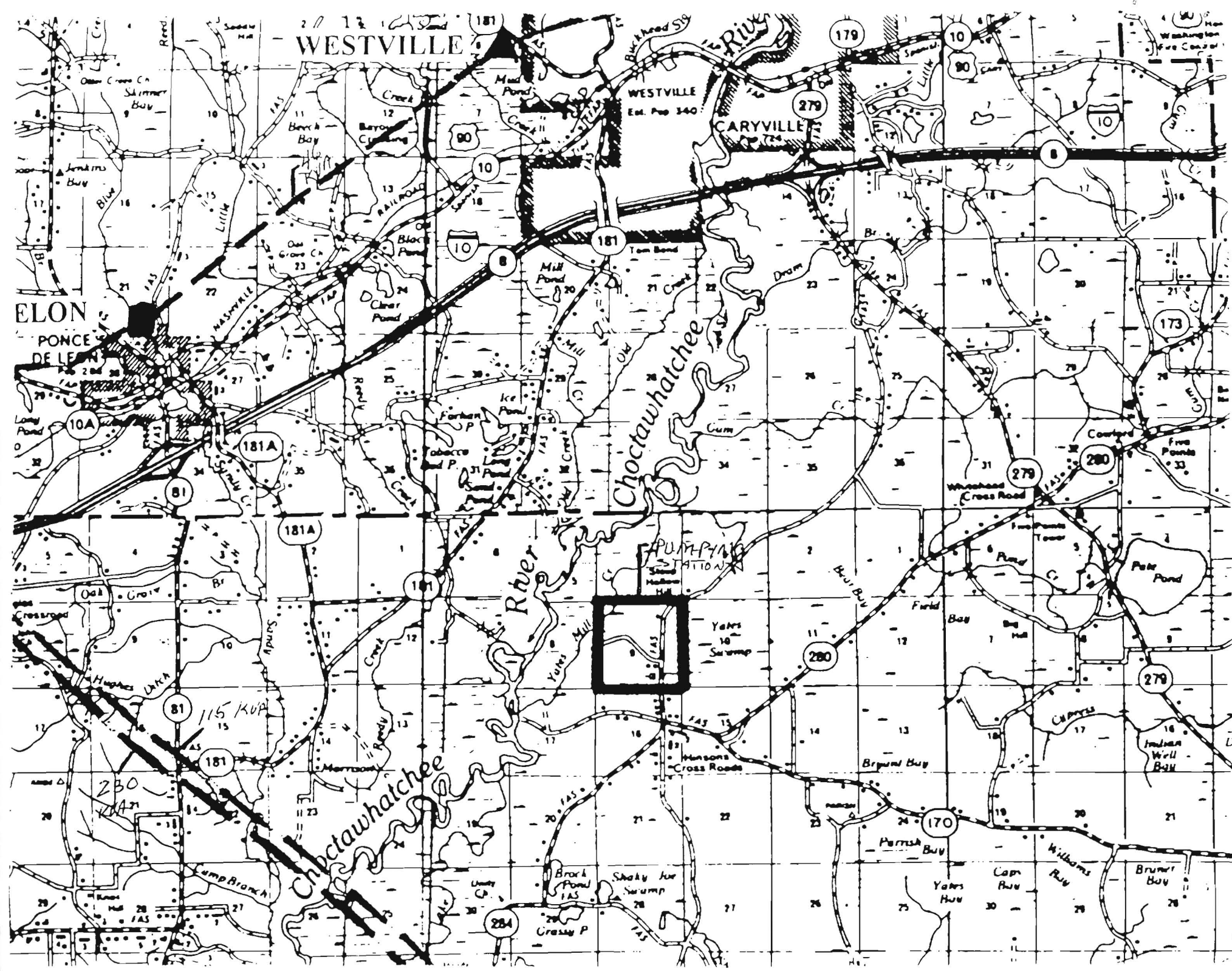
TERM OF
CONTRACT:

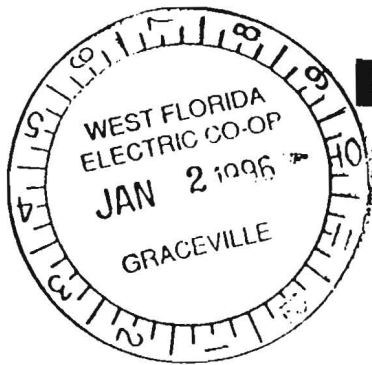
Service under this rate schedule shall be for a period of five (5) or more years and thereafter from year to year until terminated by twelve (12) months' written notice by either party to the other.

TAXES:

Applicable State, County and Local taxes are added to each bill.

Subject to board and PSC approval





ENRON CAPITAL & TRADE
RESOURCES
WORLDWIDE ENERGY SERVICES

December 22, 1995

Mr. Jerry W. Smith
Executive Vice President
& General Manager
West Florida Electric Cooperative
P.O. Box 127
Graceville, Florida 32440-0127

Dear Mr. Smith:

Thank you very much for the proposal to provide electric service for the proposed incremental horsepower requirements at Florida Gas Transmission's (FGT) compressor station located near Caryville, Florida. After reviewing your proposal, several points came to light that should be clarified. Also, several questions came to mind that I would appreciate your organization looking at and answering for Enron Capital & Trade Resources' (ECT) use in analyzing your proposal.

For clarification purposes, please refer to the following items that vary slightly from information discussed at our November 20, 1995, meeting or points mentioned within West Florida Electric Cooperative's (WFEC) proposal dated December 8, 1995. The proposed incremental electric load being considered for this project is strictly a new load associated with the installation of an incremental drive and compressor set at FGT's compressor station. The power load being contemplated is not a conversion of any existing natural gas load at FGT's station. This proposed new horsepower will be utilized to compress natural gas on FGT's recently installed 36-inch pipeline, and not be utilized for transmitting coal slurry. Also, the size of the electric motor that has been specified to satisfy the proposed requirements of the project is 7,500 horsepower, with a 1.15 service factor.

WFEC's proposal refers to the proposed rate information as "estimates", and subject to approvals by WFEC and the Rural Utilities Service. Regarding WFEC's rate estimates, ECT is wondering:

- whether Rate Schedule LPH is a currently effective rate that can be immediately offered by WFEC, or a new rate methodology developed specifically for this project?
- whether WFEC's rate estimates include dollars, fees or charges associated with incremental facilities (e.g., substation, transmission line) required for this project?
- if the rate estimates do include charges associated with incremental facilities, what is the associated rate impact(s) caused by those charges, and resulting rate estimates if the rates do not include incremental facility surcharges?
- if there are any potential rate or fee implications to ECT if FGT does not maintain a 75% annual load factor during the term of service under Rate Schedule LPH?
- if it is possible to develop or agree on a rate structure that would allow for specific up-front, all-in rates for the term of any possible agreement?

Will you please provide me with historical Energy Charge Adjustment information pursuant to Alabama Electric Cooperative's (AEC) Fuel and Power Cost Adjustment Charge. Also, since ECT's power cost requirements for this project are already below the WFEC rate estimates included in your proposal, is it possible this adjustment not be passed through to ECT during the term of any possible agreement?

Similarly, is there any information available that would shed light on possible Wholesale Rate Adjustment's from AEC during the term of any possible agreement? Again, since ECT's power cost requirements for this project are already below the WFEC rate estimates included in your proposal, is it possible this adjustment not be passed through to ECT during the term of any possible agreement?

Thank you again for your interest and consideration regarding this exciting opportunity for WFEC, AEC and ECT. ECT appreciates your efforts in developing your proposal and looks forward to receiving your reply regarding the questions outlined in this letter.

If you have any questions or comments, please call me at your convenience at 713/853-6074.

Sincerely,



David H. Brown
Dir., Enron Compressor Services

DHB/tw
Ref:DB95122

cc: Jim Brook, Alabama Electric Cooperative, Inc. (Via Fax)
Cheryl Perchal, Enron Capital & Trade Resources
Paul Wielgus, Enron Capital & Trade Resources



West Florida Electric Cooperative Association, Inc.

P. O. Box 127
Graceville, Florida 32440-0127
(904) 263-3231
1-800-342-7400

P. O. Box 37
Bonifay, Florida 32425-0037
(904) 547-9325

P. O. Box 1100
Sneads, Florida 32460-1100
(904) 593-6491

January 16, 1996

Mr. David Brown
Director
ENRON Capital & Trade Resources
1400 Smith Street
Houston, Texas 77002-7361

RE: Proposed Electric Service to Florida Gas Transmission
Compressor Station near Caryville, Florida

Dear Mr. Brown:

We received your letter of December 22, 1995 concerning our proposal and are pleased to reply to your request for answers and clarification to the questions you posed.

Thank you for clarifying several points made in our initial proposal to ECT. We understand the incremental electric load being considered is a new load. And, the incremental drive and compressor set at FGT's compression station near Caryville will be serviced by a new installed 7,500 horsepower electric motor. The motor will be utilized to compress natural gas on FGT's recently installed 36 inch pipeline.

The following responses should answer the questions presented in your letter:

- (1) Whether Rate Schedule LPH is a currently effective rate that can be immediately offered by WFEC, or a new rate methodology developed specifically for this project?

Answer: Rate Schedule LPH is not currently effective but can be offered after approval of the Cooperative's Board. Approval by the Rural Utilities Service and the Florida Public Service Commission should take 30 to 90 days, but would not preclude the Cooperative implementing the rate.

- (2) Whether WFEC's rate estimates include dollars, fees or charges associated with incremental facilities (e.g., substation, transmission line) required for this project?

Answer: The rate proposed does not include aid in construction costs. However, the rate does include the cost of facilities as follows:

Voltage level 25 kV or less

Cooperative provides basic
substation and transmission
facilities.

Voltage level 46 kV or 69 kV

ECT provides substation and takes service directly from an existing 46kV line.

Voltage level above 69kV

ECT provides substation and takes service directly from an existing 115 kV line.

(These various rate levels are shown in the three rate calculations included in the proposal.)

- (3) If the rate estimates do include charges associated with incremental facilities, what is the associated rate impact(s) caused by those charges, and resulting rate estimates if the rates do not include incremental facility surcharges?

Answer: Under the 25 kV rate, the demand charge assumes a basic substation facilities cost. The resulting rate estimates without the incremental facilities cost are encompassed in Rate 2 and Rate 3. A contribution in aid of construction (CIAC) for additional substation and transmission facilities is negotiable.

- (4) If there are any potential rate or fee implications to ECT if FGT does not maintain a 75% annual load factor during the term of service under the Rate Schedule LPH?

Answer: The LPH rate was designed to be competitive for a load with an annual factor of 75% or higher. If ECT anticipates an annual load factor of less than 75%, a new rate would need to be developed.

- (5) If it is possible to develop or agree on a rate structure that would allow for specific up-front, all-in rates for the term of any possible agreement?

Answer: No. Because the LPH rate is based directly on Alabama Electric Cooperative's (AEC's) wholesale rate, it would be impossible for WFEC to guarantee a rate for the term of any long-term agreement.

- (6) Is it possible the wholesale fuels adjustment not be passed through to ECT during the term of any possible agreement?

Answer: No, the energy charge proposed in the LPH rate simply "flows through" the energy charge in the wholesale rate. In fact, as the following table demonstrates, it may be in ECT's best interest for this to be passed through, since AEC's fuel adjustment has been a credit for the last 10 years.

Mr. David Brown
January 16, 1996
Page 3

Historical Energy Charge Adjustment

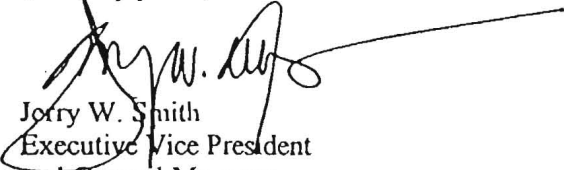
	Cost per KWH
January - December 1988	-\$.00300
January - December 1989	-\$.00300
January - December 1990	-\$.00300
January - June 1991	-\$.00039
July - December 1991	-\$.00200
January - June 1992	-\$.00070
July - December 1992	-\$.00125
January 1993	-\$.00100
February - December 1993	-\$.00200
January - June 1994	-\$.00025
July - August 1994	-\$.00050
September - December 1994	-\$.00150
January - June 1995	-\$.00060
July - August 1995	-\$.00150
September - December 1995	-\$.00060

- (7) Is there any information available that would shed light on possible Wholesale Rate Adjustments from AEC during the term of any possible agreement?

Answer: Not at this time.

I hope these responses are adequate and self-explanatory. If not, or if you have any other questions or require further information, please call me or in my absence, Russell Dunaway, at (904) 263-3231.

Sincerely yours,


Jerry W. Smith
Executive Vice President
and General Manager

JWS/spj

xc: Russell Dunaway



West Florida Electric Cooperative Association, Inc.

Exhibit ____ (RD-5)

(A composite of 3 pages)

P. O. Box 127
Graceville, Florida 32440-0127
(904) 263-3231
1-800-342-7400

P. O. Box 37
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(904) 547-9325

P. O. Box 1100
Sneads, Florida 32460-1100
(904) 593-6491

May 3, 1996

Ms. Cheryl Perchal
Enron Capital and Trade Resources
1400 Smith Street
Houston, TX 77002-7361

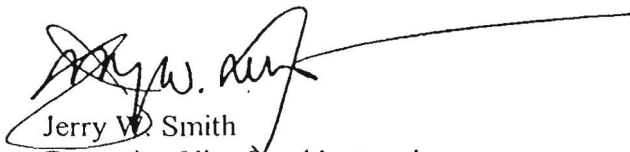
Dear Ms. Perchal:

Attached is a project description and "pre-proposal" of service to your proposed pumping load near Hinson's Crossroads in Washington County, Florida. This document includes our understanding of your project description and service parameters. Therein, we understand that Enron desires to own and operate the electric substation and transformation facilities. Physically, Enron would receive power at transmission voltage from Alabama Electric Cooperative, the wholesale supplier, and pay, at retail, West Florida Electric Cooperative, the distributor.

An estimate of proposed rates is included for your review. Please note the four major components of our rate which includes a demand charge, an energy charge, a wholesale power cost adjustment and applicable taxes. I believe that you will find the proposed rate to be competitive with other distributors in the region.

Ms. Perchal, we appreciate Enron's consideration and the opportunity to serve your potential project. I hope that this information is of value at this stage of your project development. If you have questions, please do not hesitate to call.

Sincerely,


Jerry W. Smith
Executive Vice President and
General Manager

JWS/jab/

c: Doyle Short (WFECA-Bonifay)
Jim Brook (AEC)

Confidential
PROJECT DESCRIPTION
Pre-Proposal
ENRON Capital & Trade Resources
Washington County, Florida (Hinson's Crossroads)
West Florida Electric Cooperative

May 1996

On November 20, 1995, David Brown of **ENRON** requested from West Florida EC, Graceville, Florida, a "Proposal" for service to an existing **Florida Gas Transmission Company Pumping Station**, located approximately one mile north of Hinson's Crossroads in Washington County, Florida. A proposal was submitted to Mr. Brown on December 8, 1995. Additional details were provided on January 16, 1996.

On April 26, 1996, Cheryl Perchal, newly-assigned project manager, called WFEC with modifications to the initial proposal. The following information is provided pursuant to her request:

SERVICE REQUEST

ENRON proposes to convert energy service at the pumping station from natural gas to electricity. At present, Hinson's Crossroads Pumping Station energy is provided by natural gas from the Florida Gas Transmission Company. The pumping station serves three existing pipe lines which include an 18-inch, a 24-inch and a recently installed 36-inch pipe line for transmitting coal slurry.

The initial request from **ENRON** asked WFEC and AEC to provide electrical service required to operate a proposed 10,000 horsepower electric motor (7.5 MW load) with an estimated 70 to 75 percent load factor. The proposed electric motor will be serving the existing two gas pipe lines and the new coal slurry pipe line. The new request includes the 10,000 HP electric motor with an estimated 89 to 90 percent load factor and an additional 5,500 HP electric motor with an estimated 90 percent load factor operating during May through September.

ENRON has set a target price of 2.5 cents per KWH energy cost, indicates a need for high reliability, and requires that **ENRON** own and operate the required electrical substation. **ENRON** understands their obligation to provide a contribution in aid of construction for transmission facilities required to serve the project.

POWER SUPPLIER

West Florida Electric Cooperative

West Florida Electric Cooperative (WFEC) was formed in 1937 by rural residents of Washington, Holmes, Jackson and Calhoun counties to provide electricity. West Florida is a member-owned, non-profit organization and is governed by a nine-member board of trustees, elected by the membership.

WFEC distributes electric service to 22,600 consumers over 4,300 miles of distribution line. In addition to electric service, WFEC offers a variety of marketing and member services programs, including DBS (direct broadcast satellite) system sales and leasing, the Good Cents Home™ Certification Program, surge protector sales and leasing, the Mainstreet Messenger emergency response system, retail sales of appliances and electronics, and Rural TV programming for C-band satellite systems. WFEC is actively involved in a variety of community and economic development projects throughout its service area.

Alabama Electric Cooperative

WFEC's power supplier is Alabama Electric Cooperative (AEC), a generation and transmission cooperative located in Andalusia, Alabama. AEC provides wholesale power to 16 distribution cooperatives, four municipalities and one industrial member. AEC's member-owners serve the electrical needs of more than 280,000 customers of 39 counties in Alabama and 10 counties in northwest Florida.

AEC has a peak load responsibility of 1,500 MW and operates 820 MW of generation including coal-fired, gas-fired and hydro electric generating plants. In addition, AEC has a 144 MW combined cycle plant under construction, plans for two 100 MW combustion turbines and has contracts for long-term capacity from several in-state as well as out-of-state utility companies. AEC's use of its in-house generation and long-term purchases, coupled with active participation in the regional spot energy market, has enabled it to maintain low costs and stable wholesale rates since 1983.

RATES

The following rate estimates are provided, as requested by **ENRON**, for the purpose of determining feasibility of their project. Based on WFEC's proposed rate, power cost to **ENRON** would average 36.15 mills per kilowatt hour assuming an average annual load factor of 70%. These rates would be effective within 30 days after approval by the West Florida Electric Cooperative Board of Trustees and the Rural Utilities Service, and subject to review by the Florida Public Service Commission. Average power cost is subject to slight fluctuations depending on AEC's purchased power and fuel costs. This rate is based on a delivery voltage of 115 kilovolts, and **ENRON** would own the station.

FACILITIES COST

Transmission and substation facilities to serve the proposed project is estimated to cost \$2 million and require at least 12 months construction time. Of that cost, approximately \$1 million is required to provide transmission, and \$1 million is required for substation facilities. Any contribution in aid of construction is negotiable will be dependent on the number of years agreed to in the final contract for electric service.

WEST FLORIDA ELECTRIC COOPERATIVE /
GENERAL SERVICE - LARGE POW
RATE SCHEDULE - GSDL
RATE CODE C

Exhibit ____ (RD-6)

(A composite of 2 pages)

AVAILABILITY - Available in all territory served by the Cooperative subject to the established Service Rules and Regulations and subject to the execution of a contract for service mutually agreed upon by the Cooperative and the Consumer.

APPLICABILITY - Applicable to any consumer receiving primary service at a wholesale delivery point whose load characteristics consist of monthly demands in excess of 5,000 KVA.

CHARACTER OF SERVICE - Multiphase, 60 hertz at primary voltage.

LIMITATIONS - Subject to all of the rules and regulations of this tariff and general rules and regulations of the utility. Service provided hereunder shall not be resold or shared with others.

MONTHLY RATE -

Customer Facilities Charge	\$350.00 per month
Demand Charge	\$ 10.88 per <u>kVA</u> of Billing Demand
Energy Charge	2.46¢ per kWh

MINIMUM CHARGE- The minimum monthly charge shall be the greater of:

- A. The sum of the Customer Facilities Charge and the Demand Charge for the current billing period, or;
- B. The amount specified in the Contract for Service.

DETERMINATION OF BILLING DEMAND - The demand for billing purposes shall be based on the Customer's maximum integrated fifteen (15) minute capacity measured in kilovolt-amperes (kVA) by an appropriate capacity meter during each service month, provided such capacity shall not be less than seventy-five percent (75%) of the highest demand established during any of the eleven (11) preceding months.

Continued from Rate Schedule GSDL Sheet No. 7.5

ADJUSTMENT FOR LOAD FACTOR - Customer's energy usage (KWH) will be adjusted to reflect a 75% load factor on a monthly basis if those quantities fall below the specified level.

DEPOSIT - A cash deposit amounting to twice the estimated average monthly bill may be required before service is connected at premises designated, which deposit may be applied to any unpaid bills against the customer for service or material.

TERM OF CONTRACT - Service hereunder shall be for an initial minimum ten (10) year period or such other longer term as may be established by written contract and shall continue thereafter until terminated by one (1) year written notice by Supplier or Distributor Member.

TERM OF PAYMENT - Bills are due when rendered and become delinquent if not paid within 15 days of the billing date of each month. After the account becomes delinquent, written notice is provided and service may be discontinued after six days if payment is not received.

FUEL COST ADJUSTMENT CHARGE - In case the rate under which the Cooperative purchases power at wholesale is adjusted in accordance with a fuel cost adjustment provision in the Cooperative's wholesale power contract, the foregoing energy charges shall be adjusted each month by an amount per kWh equal to the fuel cost adjustment per kWh reflected in the Cooperative's wholesale power bill for the current month.

WHOLESALE RATE ADJUSTMENT - Should there be any change in the wholesale rate under which the Cooperative purchases power from its wholesale supplier, the Cooperative reserves the right to modify the charges and provisions stated above correspondingly.

Commissioners:

J. TERRY DEASON, CHAIRMAN
THOMAS M. BEARD
SUSAN F. CLARK
LUIS J. LAUREDO
JULIA L. JOHNSON



(A composite of 4 pages)

DIVISION
JOSEPH D. JENKINS
DIRECTOR
(904) 488-8501

Public Service Commission

April 23, 1993

Mr. Jerry W. Smith
General Manager
West Florida Electric Cooperative Association, Inc.
Post Office Box 127
Graceville, Florida 32440

AUTHORITY NO. CE-93-4

Dear Mr. Smith:

We are returning herewith, approved, one copy of the following tariff sheets for West Florida Electric Cooperative Association, Inc.:

Seventh Revised Sheet No. 2.0
Second Revised Sheet No. 4.0
Fifth Revised Sheet No. 6.0
Original Sheet No. 6.1
Fifth Revised Sheet No. 7.0
Fifth Revised Sheet No. 7.4
Fifth Revised Sheet No. 7.5
Second Revised Sheet No. 7.7
Second Revised Sheet No. 7.8
Fifth Revised Sheet No. 8.0
First Revised Sheet No. 8.2
First Revised Sheet No. 8.3
First Revised Sheet No. 8.4
Fifth Revised Sheet No. 9.0
First Revised Sheet No. 10.0
Third Revised Sheet No. 11.0
Third Revised Sheet No. 12.0
First Revised Sheet No. 13.0
Second Revised Sheet No. 14.0

These tariff sheets were approved by Commission Authority No. CE-93-4 and will be kept on file in the Bureau of Electric Rates Section of the Division of Electric and Gas of this Commission.

Sincerely,

Margaret Meeter
Margaret Meeter
Bureau of Electric Rates

MM/bc
Attachments
cc: Joseph Jenkins
Robert L. Trapp



West Florida Electric Cooperative Association, Inc.

P. O. Box 127
Graceville, Florida 32440-0127
(904) 263-3231
1-800-342-7400

P. O. Box 37
Bonifay, Florida 32425-0037
(904) 547-9325

P. O. Box 1100
Sneads, Florida 32460-1100
(904) 593-6491

April 7, 1994

Ms. Marge Meeter
Florida Public Service Commission
Office of Electric & Gas
101 East Gaines Street
Tallahassee, Florida 32399-0864

Re: Rate Revisions for LP, LP-T and LS

Dear Ms. Meter:

As you know, last year the Cooperative's rate tariffs LP and LP-T were withdrawn from consideration when the RS, GSD and LS rate revisions were approved by the Commission. Please find enclosed revised tariffs and supporting schedules for the LP and LP-T rate along with a revised LS rate tariff for your consideration.

Cost of Service data was based on methodology agreed to during the approval process last year. Mr. Jeff Hoppee, Rate Consultant with C.H. Guernsey & Co. developed the rates and may be contacted at the following address:

C.H. Guernsey & Co.
Rocky Mountain Regional Office
P.O. Box 2357
Frisco, Co. 80443-2357
Tel # 303-668-5334

We are requesting the rate revisions to become effective July 1 1994. Please let me know if I can be of assistance.

Sincerely;

Russell Dunaway
Director, Finance and Staff Services

Fifth Revised Sheet No. 7.4
Cancels Fourth Revised Sheet No. 7.4

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

GENERAL SERVICE - LARGE POWER

This Sheet Reserved for Future Use

Issued By: Jerry W. Smith Effective: April 1, 1993
General Manager

Fifth Revised Sheet No. 7.5
Cancels Fourth Revised Sheet No. 7.5

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

GENERAL SERVICE - LARGE POWER

This Sheet Reserved for Future Use

Issued By: Jerry W. Smith Effective: April 1, 1993
General Manager



**West Florida Electric
Cooperative Association, Inc.**

A Touchstone EnergySM Partner



P.O. Box 12
Graceville,
(850) 263-3200
Toll Free Florida: 1-800-342-7400
Web Address: www.wfeca.net

P.O. Box 1100
Sneads, FL 32460-1100
(850) 593-6491

March 14, 2001

Ted Spangenberg
Gulf Power
1230 E 15th St.
Panama City Beach, FL 32408

Dear Mr. Spangenberg:

Our respective utilities are in a dispute over service to an ENRON facility in West Florida Electric Cooperative Association, Inc's (WFEC) service area near Hinson's Crossroads in Washington County. Gulf Power Company (GPC) has filed a Petition with the Florida Public Service Commission (FPSC) asking for a declaratory statement on its rights and obligations, if any, to serve the ENRON facility. As you know, WFEC vigorously asserts its right to provide the requested service to ENRON, and will oppose GPC's request for a declaratory statement and WFEC will file its own petition to resolve a territorial dispute with GPC. Prior to doing so, and subject to the regulatory authority and approval of the FPSC, WFEC is willing to meet with GPC to explore ways to resolve this dispute and to determine if a resolution of the dispute may include the establishment of FPSC approved territorial boundary lines between our two utilities.

The FPSC encourages electric utilities to agree on service area boundaries, subject to its approval, to avoid range wars and the uneconomic duplication of electric facilities. Our discussions shall be deemed to be preliminary to and subject to FPSC approval and no agreement or understanding between WFEC and GPC shall be valid or binding until approved by the FPSC. We look forward to working with GPC to develop a resolution for submission to the FPSC.

Sincerely,

Gary F. Clark
Vice President, Member Services

/bma

xc: John H. Haswell
Frank Bondurant
William S. Rimes

FLORIDA PUBLIC SERVICE COMMISSION	
DOCKET	
NO. 010441-EN	EXHIBIT NO. 4
COMPANY/	
WITNESS. Clark	
DATE: 3-19-01	

Bill Willingham
Gary Smith
Russell Dunaway
Susie Johnson 3/14/01

(A composite of 2 pages)

OFFICE MEMORANDUM

ALABAMA ELECTRIC COOPERATIVE, INC.
Andalusia, Alabama

DATE: March 19, 2001

FROM: Damon Morgan

TO : WFEC/Enron/FGT file

Subject: 3/19/01 conference call

This morning a conference call was initiated by Enron (Mark Knippa, Chris Hubbard, Joe Memec?) with AEC (Damon Morgan, Art Brunson) and West Florida EC (Bill Rimes, Gary Clark, Russell Dunaway, and Mickey Woodam).

1. The Enron folks wanted to know why West Florida was upset over the Enron/Gulf Power arrangement at station 13a. We explained that this was a territorial issue between West Florida and Gulf Power, and West Florida felt that they must protect their service territory.
2. The Enron team contended that, they had called West Florida two years ago to discuss this load but West Florida never showed interest. We challenged Enron to provide names, phone numbers or any documentation of this call. They could not.
3. Enron further stated that they had provided "load profile" information to Jim Brook and they never received a subsequent proposal. We discussed how limited this information was, and how we repeatedly asked for additional information by letter, but never received anything back from Enron.
4. A great deal of the discussion rehashed points #2 and #3 above but to no ones satisfaction.
5. Russell pointed out that we had sent a proposal to Enron in 1996 for serving this load so they should have known that we would be interested in it. The Enron group did not seem to be aware of this.
6. They stated that they did not send out an RFP for bids to serve this load. They looked at records showing who served the county. These records revealed that both West Florida and Gulf Power provided service. They then looked at the lines in the area and decided that Gulf Power should be the ones they should talk to. Enron contends that they did not court Gulf Power for serving this load, and never purposely intended to leave West Florida out. However, their deal is now signed with Gulf Power and they are going forward with that arrangement.

7. They stated that they had forwarded money to Gulf Power in October to begin r-o-w acquisition activities. I asked if they were paying aid-in-construction charges to Gulf. Enron stated that they were being served by Gulf's PX tariff and suggested that there was no aid-in-construction in addition to the standard tariff.
8. I said that WFEC hoped to one day have Enron as a customer at station 13a, and that WFEC fully expects that once the PSC rules on this issue, Enron will be their customer. We do not want to stress our relationship with this territorial problem, however, West Florida has no choice. Territorial encroachment by Gulf will continue until West Florida makes a stand. West Florida has decided that this is where they must make that stand. We continued to press for information on the load so that we can develop our own cost to serve and rates so that when/if the PSC awards the load to us, delays will be minimized. Enron's response was that they had made their deal with Gulf Power and were proceeding.
9. Finally, the Enron folks stated "Enron had better not be harmed by any action on West Florida's part". We stated that we thought that we could serve their load in the same manner that Gulf would, from the 230 kv system via the Southern Company Open Access Tariff. They then asked about the rate for service. We said that we don't know about the rate, because we don't know enough about the load yet to know what kind of rate we can offer. They suggested that if the PSC awards service to West Florida, "Enron will not tolerate any harm of any kind". We said that we hoped this would not be the case, but could not make any guarantees at this point because we don't know what our cost of service would be to serve the load until they provide the data we have requested. They then stated "West Florida and AEC had better count all of their costs before deciding to pursue this course of action any further". We asked if this was a threat. They said take for whatever you want it to be. End of call

(A composite of 5 pages)

Gary Clark

From: Jim Brook <jimbrook@powersouth.com>
To: <gclark@wfeca.net>
Sent: Wednesday, December 06, 2000 12:26 PM
Attach: Jim Brook (E-mail).vcf; Jim Brook (E-mail).vcf
Subject: FW: Summary of Project Status per FGTC/Enron; Hinson's Crossroads, Caryville Florida

Jim Brook

Vice President

Marketing, Communication, Information Systems

The Alabama Electric Cooperative Member System

PO Box 550

Andalusia, Alabama 36420

334.427.3267

334.399.2444

Alternate E-mail: jimbrook@alaweb.com

-----Original Message-----

From: Jim Brook
Sent: Wednesday, December 06, 2000 10:04 AM
To: 'Gary Clark (E-mail)'
Cc: 'William S. Rimes (E-mail)'; Gary Smith
Subject: Summary of Project Status per FGTC/Enron; Hinson's Crossroads, Caryville Florida
Sensitivity: Confidential

According to Frank DiMont, FGTC/Enron, Hinson's Crossroads is referred to as "Station 13" and is slated for upgrade to be completed at the end of 2001. The plan is to install electric pumping at that station. The primary load will consist of two (2) 12,000 h.p. motors with a "capacity factor" of 1.0. According to Mr. DiMont Gulf Power Company would serve the facility. DiMont indicated that FGTC would buy energy from Enron Capital & Trade Resources. DiMont provided Mark Knippa as contact for Enron C&TR. I placed a subsequent voice mail with Knippa.

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Gary Clark

From: Jim Brook <jimbrook@powersouth.com>
To: Debbie Marcum <Debbie.Marcum@powersouth.com>; Gary Clark (E-mail) <gclark@wfeca.net>
Cc: Larry Avery <Larry.Avery@powersouth.com>; Jeff Parish <Jeff.Parish@powersouth.com>; Gary Smith <Gary.Smith@powersouth.com>
Sent: Thursday, December 07, 2000 4:50 PM
Attach: pic24355.pcx
Subject: FW: FGT-13

John Gordon, compressor services group reports to Mark Knippa
 No formal RFP to his knowledge
 21,000 HP Electrified Compression
 85% estimated annual load factor
 Gas Supply will serve power plant load downstream
 20 year deal; will pay a premium for some certainty on rates
 stated that Enron knows "retail rates are currently below wholesale"
 Commercial date, April 2002
 Far along with Gulf Power Company since they were the only utility with a regional presence

- * Mark Knippa has since left a voice mail
- * See monthly load factors below

jimbrook@powersouth.com <<mailto:jimbrook@powersouth.com>>

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334.399.2444

Alternate E-mail: jimbrook@alaweb.com <<mailto:jimbrook@alaweb.com>>

-----Original Message-----

From: John.B.Gordon@enron.com [<mailto:John.B.Gordon@enron.com>]
 Sent: Thursday, December 07, 2000 3:40 PM
 To: jimbrook@powersouth.com
 Subject: FGT-13

Jim:

Here is the minimum load factor information:

21,000 HP = ~16.5MW (Assuming 95.1% efficiency)

(Embedded image moved to file: pic24355.pcx)

We do not know the names of the plants that this pipe will serve - I think they are new plants that haven't been built yet. Sorry I can't provide more information.

Time is of the essence, Jim. If we could have some hint at what you might propose by the end of this week, that would really tell us if there might be an opportunity.

Thanks,

John

7/17/01

January	1	57%
February	2	57%
March	3	57%
April	4	76%
May	5	86%
June	6	95%
July	7	95%
August	8	95%
September	9	86%
October	10	71%
November	11	57%
December	12	57%
Average		74.1%

Gary Clark

(A composite of 5 pages)

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Sent: Wednesday, December 06, 2000 12:26 PM
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Vice President

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Alternate E-mail: jimbrook@alaweb.com

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Sent: Wednesday, December 06, 2000 10:04 AM
To: 'Gary Clark (E-mail)'
Cc: 'William S. Rimes (E-mail)'; Gary Smith
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Cc: Larry Avery <Larry.Avery@powersouth.com>; Jeff Parish <Jeff.Parish@powersouth.com>; Gary Smith <Gary.Smith@powersouth.com>
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September	9	86%
October	10	71%
November	11	57%
December	12	57%
Average		74.1%

(A composite of 2 pages)

DESCRIPTION OF HINSON CROSSROADS COMM

The rural community of Hinson Crossroads is located in the extreme western edge of Washington County, Florida. It is situated at the intersection of paved county roads 280 and 284. Primary access to the community, by ground transportation, can be gained from the east on County Road 280 and from the south west on County Road 284. In addition, various county dirt roads traverse the area including River Road which runs west and connects the community with the Choctawhatchee River; the distance being approximately two miles. A boat landing/launch is located at the end of River Road where it intersects with the river. The mileage distances to the surrounding towns are as follows: Vernon nine miles, Bonifay 12 miles, Caryville 10 miles and Chipley 18 miles. Approximately 200 residents live in the community. Most of the dwellings occupied by these residents are either of wood frame or block construction. There are several mobile homes in the area as well.

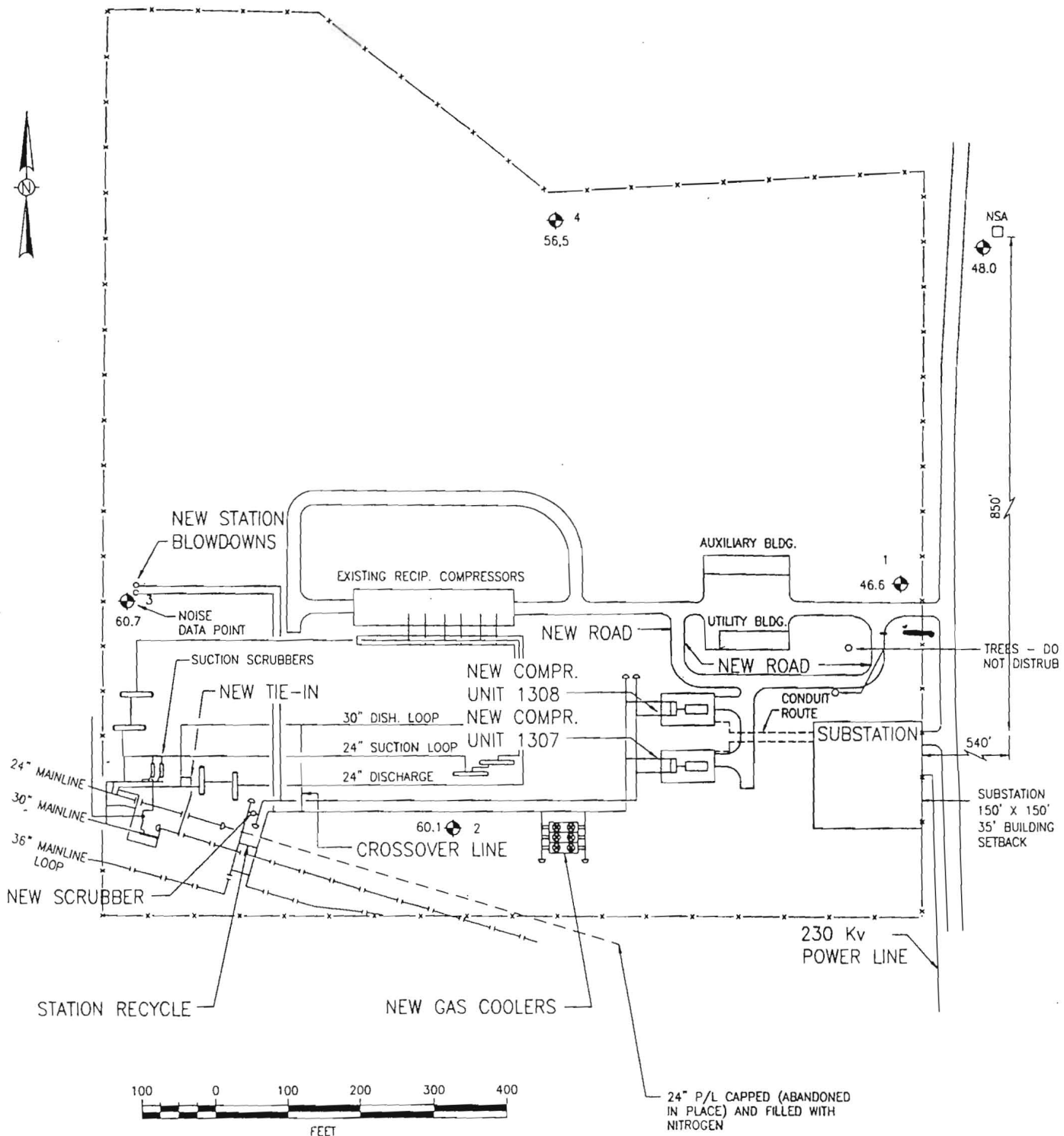
The community has an active volunteer fire department staffed by 13 individuals located on County Road 284. A two bay metal building houses a tanker truck, brush truck, and a pumper. A support vehicle for carrying fire personnel is kept at the location. The building sits on approximately 3 acres.

Plans are underway to construct a new fire department facility on County Road 280. The split level building located on 1 ½ acres of land will have a double bay with an office, kitchen, meeting room and equipment room.

There are very few commercial and industrial facilities. There is an active fishing bait

shop on County Road 284. No other active retail stores exist. Three active Protestant Churches are located on County Road 284.

Florida Gas Transmission Company operates a natural gas facility located on County Road 284 called the Caryville Compressor Station. The facility is situated on several acres of land with Burns Lake Road (a dirt road) bordering the property on the northwest side and County Road 284 fronting the property on the east side. Chain link and bobbed wire fencing surrounds the property on all sides. The facility has been in operation approximately 45 years. Its primary function is to help pump natural gas on the Florida gas pipeline system to points throughout the state. Several buildings of metal construction are on the site with paved drives and parking areas around them. This facility operates 24 hours per day, seven days a week. West Florida Electric provides electric service. The Cooperative has a three phase line located in the front of the property adjacent to County Road 284 and another three phase line adjacent to Burns Lake Road on the northwest side of the property. Florida Gas plans on adding more pumping equipment and infrastructure to the site in the near future. This addition will require the construction of an electric substation dedicated for the facility.



NOISE DATA:

Avg. 4-15 Sec.

LEQ taken 4 p.m. 10/26/98

Temp. 65°F Light Rain

Wind: 5-12 MPH S

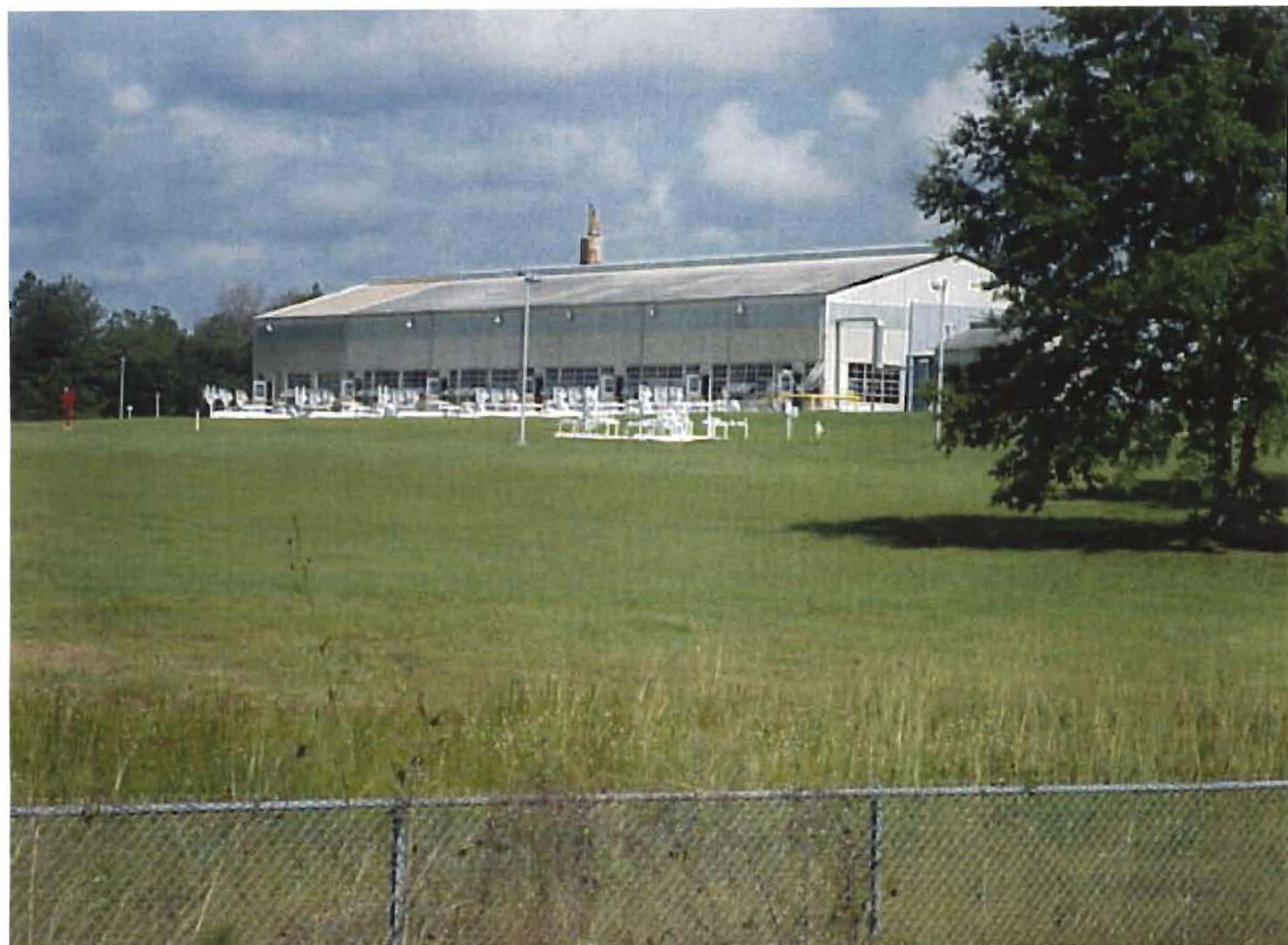
FLORIDA GAS
TRANSMISSION COMPANYPROPOSED FGT PHASE V
COMPRESSOR STATION NO. 13A
PLOT PLAN

DWG. NO.

462-V-3

9/15/00





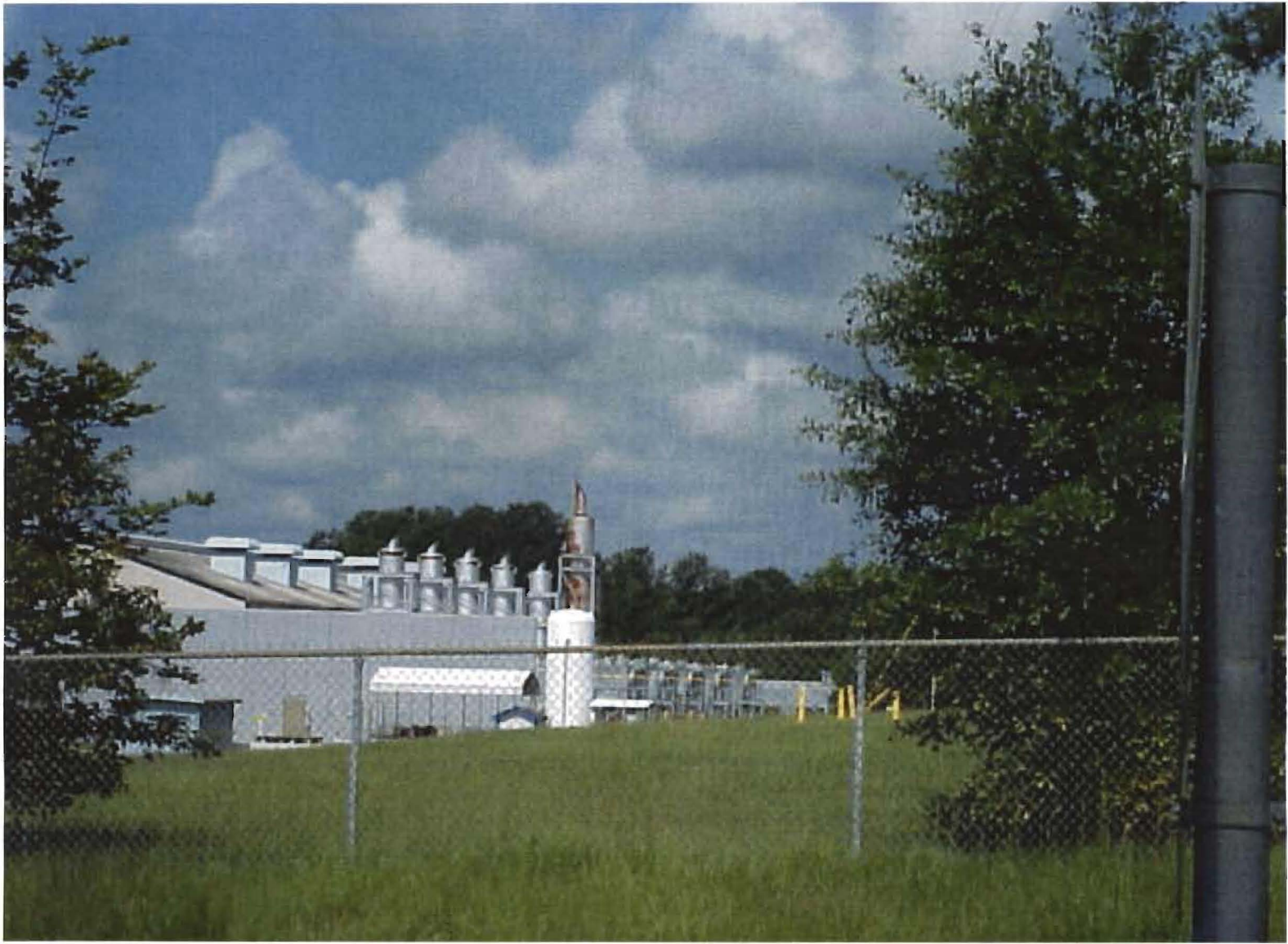








































380-27597

WASHINGTON COUNTY ABSTRACT, has made a search of the Public Records of Washington County, Florida from the date of January 18, 1941 to the date of this search on the following described property.

The S 1/2 of the NW 1/4 of the SE 1/4 of Section 9, Township 3 North, Range 16 West, Less that part lying and being East of the Caryville and Shell Landing road and all that part lying North of a graded road running West from Caryville Road to Yates Mill Creek, which road intersects Caryville Road at a point approx 1095.7 feet Northerly from the SE corner of the N 1/2 of SW 1/4 of SE 1/4 Section 9, Township 3 North, Range 16 West.

and

The N 1/2 of the SW 1/4 of SE 1/4 of Section 9, Township 3 North, Range 6 West.

and from said search we find the following.

Warranty Deed	filed in Deed Book 69	page 188
Warranty Deed	filed in Deed Book 67	page 44
Warranty Deed	filed in Deed Book 69	page 195
Warranty Deed	filed in Deed Book 72	page 178
Warranty Deed	filed in Deed Book 71	page 54
Warranty Deed	filed in Deed Book 77	page 193
Warranty Deed	filed in Deed Book 76	page 216
Warranty Deed	filed in Deed Book 105	page 159
Warranty Deed	filed in Deed Book 100	page 270
Warranty Deed	filed in Deed Book 70	page 581
Warranty Deed	filed in Deed Book 97	page 341
Warranty Deed	filed in Deed Book 107	page 79
Warranty Deed	filed in Deed Book 116	page 77
Opiton	filed in Deed Book 118	page 617-A
Extension	filed in Deed Book 119	page 559
Warranty Deed	filed in Deed Book 121	page 332
Deed	filed in Deed Book 9	page 617
Warranty Deed	filed in Deed Book 69	page 54
Warranty Deed	filed in Deed Book 70	page 581
Warranty Deed	filed in Deed Book 97	page 341
Warranty Deed	filed in Deed Book 111	page 379
Easement Grant	filed in Deed Book 111	page 509
Opiton	filed in Deed Book 118	page 621
Warranty Deed	filed in Deed Book 122	page 45
Deed	filed in OR Book 9	page 407
QCD	filed in Deed Book 123	page 530
Deed	filed in OR Book 9	page 194

Taxes for the years 1999 and prior years appear paid.

Taxes for the year 2000 are assessed to Florida Gas Transmission Co Described as, S 1/2 of NW 1/4 of SE 1/4, S of Yates Mill Pond Rd and West of Caryville Rd and the N 1/2 of SW 1/4 of SE 1/4 Section 9 Township 3 North, Range 16 West and are marked paid in the amount of \$7,209.55 with assessed value of \$387,987.00 parcel I.D.# 5530-1

This informaiton is furnished to the requestor as a search and is not to be construed as a legal opinion or opinion of title. Requestor hereby acknowledges that by acceptance and use of this search that the liability assumed by Washington County Abstract is limited to the amount paid for same.

Dated: July 6, 2001 @ 8: 00 AM

Washington County Abstract
1343 Brickyard Rd.
Chipley, Fl., 32428

Mary Sue McCall

Mary Sue McCall
Vice-President

PAGE.....

WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

37268

Bullard-McKenzie Turpen-
tine Company, a corpor-
ation

Grantor

To

Prine Incorporated

Grantee

1. Kind of Conveyance **Warranty Deed**
2. Date of Conveyance **Jan. 2, 1941**
3. Consideration, \$ **10.00 and other val. cons.**
4. Execution **regular**
 - (a) Signed **Bullard-McKenzie Turpentine Company by A. F. Bullard, Pres. Attest: W.I. Stinson, Secretary**
 - (b) Sealed **yes**
 - (c) No. of Witnesses **2**
5. Date of Acknowledgment **Jan. 2, 1941**
 - (a) Identity of Grantor **yes**
 - (b) Before What Officer Acknowledged **Notary Public**
 - (c) Official Seal **yes**
6. Separate Examination
7. What Statutory Words Used
8. Words of Conveyance **grant, bargain, sell, alien, remise, release, convey and confirm**
9. Date of Filing **June 18, 1941**
10. Recorded in Deed Book **69**, Page **188**
for **Washington** County.
11. Does the Deed contain any special limitations, provisions or restrictions?
12. Words of Limitation (Quote fully prior to June 3, 1903)

Description of Property

...all that certain parcel of land lying and being in the County of Washington and State of Florida, more particularly described as follows:

NW $\frac{1}{4}$ of SE $\frac{1}{4}$

Sec. Tp. N. Rge.

9 3 16

and other lands

Grantee assumes payment of all taxes imposed upon said lands for the year 1941 and subsequent years

PAGE.....
WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

35903

W. M. Prine, Jr. and
Mae Tullos Prine, man
and wife

Grantor

To

J. N. Lee

Grantee

1. Kind of Conveyance Warranty Deed
2. Date of Conveyance March 15, 1941
3. Consideration, \$..... 20.00
4. Execution regular
- (a) Signed W. M. Prine, Jr.
- Mae Tullos Prine
- (b) Sealed yes
- (c) No. of Witnesses 2
5. Date of Acknowledgment March 15, 1941
- (a) Identity of Grantor yes
- (b) Before What Officer Acknowledged Notary
- Public... County Holmes..... State Fla......
- (c) Official Seal yes
6. Separate Examination yes
7. What Statutory Words Used all
8. Words of Conveyance grant, bargain, sell
- and convey
9. Date of Filing March 22, 1941
10. Recorded in Deed Book 67....., Page 44.....
- for Washington..... County.
11. Does the Deed contain any special limitations, provisions or
 restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

....the following described real estate, situate, lying and being in
County of Washington, State of Florida, to wit:

$E\frac{1}{2}$ of $NW\frac{1}{4}$ of $SE\frac{1}{4}$ of Section 9, township 3 north range 16 west,
Washington County, Florida, containing 20 acres more or less.

PAGE.....

WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

37272

Abstract of -----

Prine, Incorporated,
a corporation

Grantor

To

J. N. Lee

Grantee

1. Kind of Conveyance Warranty Deed
2. Date of Conveyance June 23, 1941
3. Consideration, \$ 1.00 and other val. cons.
4. Execution regular
5. Date of Acknowledgment June 23, 1941
6. Separate Examination yes
7. What Statutory Words Used yes
8. Words of Conveyance grant, bargain, sell, alien, remise, release, convey and confirm
9. Date of Filing June 23, 1941
10. Recorded in Deed Book 65, Page 195
for Washington County.
11. Does the Deed contain any special limitations, provisions or restrictions? yes
12. Words of limitation (Quote fully prior to June 3, 1903) yes

Description of Property

....all of the following described land lying and being in the County of Washington, State of Florida, to wit:

E $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 9, township 3 north range 16 west

PAGE.....

WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

38832

W. L. Shiver and wife,
Lutie Shiver

Grantor

To

J. L. McGlaun

Grantee

1. Kind of Conveyance **Warranty Deed**
2. Date of Conveyance **Oct. 9, 1943**
3. Consideration, \$ **10.00 and other val. cons.**
4. Execution **regular**
 - (a) Signed **W. L. Shiver**
..... **Lutie x her mark Shiver**
 - (b) Sealed **yes**
 - (c) No. of Witnesses **2**
5. Date of Acknowledgment **Oct. 9, 1943**
 - (a) Identity of Grantor **yes**
 - (b) Before What Officer Acknowledged **Notary**
..... **Public** County State **Fla.**
 - (c) Official Seal **yes**
6. Separate Examination **yes**
7. What Statutory Words Used **all**
8. Words of Conveyance **granted, bargained and**
..... **sold**
9. Date of Filing **Oct. 28, 1943**
10. Recorded in Deed Book **72**, Page **178**
for **Washington** County.
11. Does the Deed contain any special limitations, provisions or
restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

...the following described land situated, lying and being in the
County of Washington, State of Florida, to wit:

N $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 9, township 3 North Range 16 West,
and other land

PAGE.....

WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

38088

Longleaf Pine Company,
a corporation..being the
successor and owner of
Prine, Inc., a Florida
Corporation Grantor

To

J. N. Lee and W. D. Lee

Grantee

- 1. Kind of Conveyance Warranty Deed
- 2. Date of Conveyance Aug. 5, 1943
- 3. Consideration, \$ 1.00 and other val. cons.
- 4. Execution Regular
 - (a) Signed The Longleaf Pine Company, a Corp-
oration by A. W. Barth, Pres.; By J.A. Smith, V.P.
 - (b) Sealed Yes
 - (c) No. of Witnesses 2
- 5. Date of Acknowledgment Aug. 5, 1943
 - (a) Identity of Grantor Yes
 - (b) Before What Officer Acknowledged Notary
Public County Jefferson State Ala.
 - (c) Official Seal Yes
- 6. Separate Examination
- 7. What Statutory Words Used
- 8. Words of Conveyance grant, bargain, sell,
remise, release, convey and confir.
- 9. Date of Filing Aug. 5, 1943
- 10. Recorded in Deed Book 71, Page 51
for Washington County.
- 11. Does the Deed contain any special limitations, provisions or
restrictions?
- 12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

...that certain parcel of land lying and being in the County of
Washington County State of Florida, to wit:

W $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 9, township 3 North Range 16 West
and other lands

...The grantees...assumes all delinquent taxes of ever nature and kind
that may be outstanding against the above described property...

PAGE.....
WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

41277

J. N. Lee and wife,
Anna Lee

Grantor

To

D. A. Smith

Grantee

1. Kind of Conveyance **Warranty Deed**
2. Date of Conveyance **Jan. 13, 1943**
3. Consideration, \$ **1.00 and other val. cons.**
4. Execution **regular**
 - (a) Signed **J. N. Lee**
..... **Anna Lee**
 - (b) Sealed **yes**
 - (c) No. of Witnesses **2**
5. Date of Acknowledgment **Jan. 13, 1943**
 - (a) Identity of Grantor **yes**
 - (b) Before What Officer Acknowledged **Clerk Circuit**
Court County **Washington** State **Fla.**
 - (c) Official Seal **yes**
6. Separate Examination **yes**
7. What Statutory Words Used **all**
8. Words of Conveyance **granted, bargained and**
sold
9. Date of Filing **May 3, 1945**
10. Recorded in Deed Book **77**, Page **193**
for **Washington** County.
11. Does the Deed contain any special limitations, provisions or
restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

...the following described land situated, lying and being in the
County of Washington, State of Florida, to wit:

Also all that part of S $\frac{1}{4}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ lying and being East of
Caryville and Shell Landing Road all in Section 9, township 3 north,
range 16 west

and other lands

ABSTRACTORS NOTE: Shown
for information only.

1. Kind of Conveyance Warranty Deed
2. Date of Conveyance Oct. 2, 1944
3. Consideration, \$ 1.00 and other val. cons.
4. Execution regular
(a) Signed J. H. Lee
..... Anna Lee
(b) Sealed yes
(c) No. of Witnesses 2
5. Date of Acknowledgment Oct. 2, 1944
(a) Identity of Grantor yes
(b) Before What Officer Acknowledged Notary
..... Public County Washington State Fla.
(c) Official Seal yes
6. Separate Examination
7. What Statutory Words Used
.....
8. Words of Conveyance granted, bargained and
..... sold
9. Date of Filing May 3, 1945
10. Recorded in Deed Book 76, Page 216
for Washington County.
11. Does the Deed contain any special limitations, provisions or
restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

and other lands

ABSTRACTORS NOTE: Shown
for information only.

PAGE.....

WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

57444

W. W. Yohn and wife,
Nettie Yohn

Grantor

To

J. N. Lee

Grantee

1. Kind of Conveyance **Warranty Deed**
2. Date of Conveyance **Oct. 20, 1949**
3. Consideration, \$ **10.00**
4. Execution **regular**
 - (a) Signed **W. W. Yohn**
..... **Nettie Yohn**
 - (b) Sealed **Yes**
 - (c) No. of Witnesses **2**
5. Date of Acknowledgment **Dec. 13, 1949**
 - (a) Identity of Grantor **Yes**
 - (b) Before What Officer Acknowledged **Notary**
..... **Public** County **Washington** State **Fla.**
 - (c) Official Seal **Yes**
6. Separate Examination
7. What Statutory Words Used
8. Words of Conveyance **Granted, bargained**
..... **and sold**
9. Date of Filing **Aug. 29, 1955**
10. Recorded in Deed Book **105**, Page **159**
..... **Washington** County.
11. Does the Deed contain any special limitations, provisions or
restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

....the following described land situate, lying and being in the
County of Washington, State of Florida, to wit:

Also that part of S $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ lying east of Caryville and Shell
Landing Road being in Section Nine, township three north, range Sixteen
West
and other lands

ABSTRACTORS NOTE: Shown
for information only.

Parties of the first part are conveying to parties of the second part their undivided interest in the above described land by this instrument.

37977

Grantor

To

Merriell D. Barrineau

Grantee

1. Kind of Conveyance Warranty Deed
2. Date of Conveyance Dec. 8, 1952
3. Consideration, \$100.00 & other good & val. cons.
4. Execution regular
- (a) Signed B. H. Pittman
- Terry Mae Pittman
- (b) Sealed yes
- (c) No. of Witnesses 2
5. Date of Acknowledgment Dec. 8, 1952
- (a) Identity of Grantor yes
- (b) Before What Officer Acknowledged, Notary
- Public County Escambia State Fla.
- (c) Official Seal yes
6. Separate Examination
7. What Statutory Words Used
-
8. Words of Conveyance granted, bargained and
- sold
9. Date of Filing Oct. 22, 1953
10. Recorded in Deed Book 70, Page 581
- for Washington County.
11. Does the Deed contain any special limitations, provisions or restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

...the following described real estate, situate, lying and being in County of Washington, State of Florida, to wit:

W $\frac{1}{2}$ of SE $\frac{1}{4}$ less a strip of land lying on the East side of a public road known as Caryville and Hinson Cross Road which road runs North and South across said W $\frac{1}{2}$ of SE $\frac{1}{4}$ all being in Section 9, Township 3 north range 16 west

This property is conveyed subject to an obligation of \$4,250.00 due J. N. Lee as a part of the purchase price of the property hereby conveyed. This property is also conveyed subject to County and State taxes for the year 1952.

PAGE.....
WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

53318

Merriell D. Barrineau and wife, Dorothy A. Barrineau	Grantor	1. Kind of Conveyance <u>Warranty Deed</u> 2. Date of Conveyance <u>Feb. 9, 1954</u> 3. Consideration, \$ <u>10.00 and other val. cons.</u> 4. Execution <u>regular</u> (a) Signed <u>Merriell D. Barrineau</u> <u>Dorothy A. Barrineau</u> (b) Sealed <u>yes</u> (c) No. of Witnesses <u>2</u> 5. Date of Acknowledgment <u>Feb. 12, 1954</u> (a) Identity of Grantor <u>yes</u> (b) Before What Officer Acknowledged <u>Notary</u> <u>Public</u> County <u>Escambia</u> State <u>Fla.</u> (c) Official Seal <u>yes</u> 6. Separate Examination 7. What Statutory Words Used 8. Words of Conveyance <u>granted, bargained and</u> <u>sold</u> 9. Date of Filing <u>April 20, 1954</u> 10. Recorded in Deed Book <u>97</u> , Page <u>341</u> for <u>Washington</u> County. 11. Does the Deed contain any special limitations, provisions or restrictions? 12. Words of limitation (Quote fully prior to June 3, 1903)
Aaron A. Duke and wife, Teresa Duke	Grantee	

Description of Property

...the following described land, situate, lying and being in the
County of Washington, State of Florida, to wit:

W $\frac{1}{2}$ of SE $\frac{1}{4}$ less a strip of land lying on the East side of a public
road known as Caryville and Hinson Cross Roads road which road runs
north and South across said West half of Southeast quarter (W $\frac{1}{2}$ of SE $\frac{1}{4}$)
all being in Section 9, township 3 north range 16 west

and other lands

PAGE.....
WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

57923

Aaron A. Duke and wife
Teresa Duke

Grantor

To

A. E. Velvick and wife,
Virginia L. Velvick

Grantee

1. Kind of Conveyance Warranty Deed
2. Date of Conveyance April 17, 1956
3. Consideration, \$ 10.00 and other val. cons.
4. Execution regular
 - (a) Signed Aaron A. Duke
Teresa Duke
 - (b) Sealed yes
 - (c) No. of Witnesses 2
5. Date of Acknowledgment April 17, 1956
 - (a) Identity of Grantor yes
 - (b) Before What Officer Acknowledged Clerk Circuit
Court County Washington State Fla.
 - (c) Official Seal yes
6. Separate Examination
7. What Statutory Words Used
8. Words of Conveyance granted, bargained and
sold
9. Date of Filing April 17, 1956
10. Recorded in Deed Book 107, Page 79
for Washington County.
11. Does the Deed contain any special limitations, provisions or
restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

....the following described land, situate, lying and being in the
County of Washington, State of Florida, to wit:

NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 9, Township 3 North, Range 16 West
and other lands

PAGE.....
WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

60432

A. E. Velvick and his
wife, Virginia L.
Velvick

Grantor

To

Norman C. Sleezer, Jr. and
his wife, Margaret
Sleezer

Grantee

1. Kind of Conveyance Warranty Deed
2. Date of Conveyance April 10, 1959
3. Consideration, \$ 10.00 and other val. cons.
4. Execution regular
 - (a) Signed Arthur E. Velvick
Virginia L. Velvick
 - (b) Sealed yes
 - (c) No. of Witnesses yes
5. Date of Acknowledgment Apr. 10, 1959
 - (a) Identity of Grantor yes
 - (b) Before What Officer Acknowledged Notary
Public County Washington State Fla.
 - (c) Official Seal yes/ Holmes
6. Separate Examination
7. What Statutory Words Used
8. Words of Conveyance granted, bargained and
sold
9. Date of Filing April 10, 1959
10. Recorded in Deed Book 116, Page 77
for Washington County.
11. Does the Deed contain any special limitations, provisions or
restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

....the following described land, situate, lying and being in the
County of Washington, State of Florida, to wit:

NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 9, township 3 north range 16 west
and other land

PAGE.....

WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

61262

Norman C. Sleezer, Jr.
and his wife, Margaret
G. Sleezer

Grantor

To

Houston Texas Gas &
Oil Corp.

Grantee

- Option to Purchase**
1. Kind of Conveyance **Option to Purchase**
 2. Date of Conveyance **May 25, 1960**
 3. Consideration, \$ **1350.00 and an additional sum**
 4. Execution **regular/ of \$8,650.00**
 - (a) Signed **Norman C. Sleezer, Jr.**
..... **Margaret G. Sleezer**
 - (b) Sealed **yes**
 - (c) No. of Witnesses **2**
 5. Date of Acknowledgment **May 25, 1960**
 - (a) Identity of Grantor **yes**
 - (b) Before What Officer Acknowledged **Notary**
..... **Public Washington** **State Fla.**
..... **County** **State**
 - (c) Official Seal **yes**
 6. Separate Examination
 7. What Statutory Words Used
 8. Words of Conveyance **agree and bind themselves**
..... **to convey and transfer**
 9. Date of Filing **June 2, 1960**
 10. Recorded in Deed Book **118**, Page **617-A**
..... **Washington** **County.**
for
 11. Does the Deed contain any special limitations, provisions or
restrictions?
 12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

...said property being described as follows: $8\frac{1}{2}$ of $NW\frac{1}{4}$ of the $SE\frac{1}{4}$ Section 9, township 3 north range 16 west, Washington County, Fla. less all that part of the above described land lying north of the graded road, known as the Burns Lake Road, eternal easement of access to be issued to party of the first part by party of the second part for use of graded road known as Burns Lake road. This option included but is not limited to, all existing improvements on this property and a parcel of land containing approximately $7\frac{1}{2}$ acres more or less in the SE corner of the $NW\frac{1}{4}$ of $SE\frac{1}{4}$ of Sec. 9, township 3 north range west as presently staked which is under contract to purchase by George Sentman who has executed an option to Norman Sleezer and Margaret Sleezer as of this date. Norman Sleezer Jr. and his wife, Margaret Sleezer agree herewith to so exercise this option and cancel agreement for sale to Sentman upon parties of the second parts execution of this option as described above.

...the purchase money must be paid on or before the 24th day of November 1960, or this option shall become void....

PAGE.....
WASHINGTON COUNTY ABSTRACT CO.
CHIPLEY, FLORIDA

Abstract of -----

61603

Norman C. Sleezer, Jr.
and Margaret G. Sleezer
his wife

Grantor

To

Houston Gas and Oil
Corporation

Grantee

1. Kind of Conveyance **Extension of Option**
2. Date of Conveyance **Nov. 4, 1960**
3. Consideration, \$ **3,150.00**
4. Execution **regular**
 - (a) Signed **Norman C. Sleezer, Jr.**
..... **Margaret G. Sleezer**
 - (b) Sealed **yes**
 - (c) No. of Witnesses **2**
5. Date of Acknowledgment **Nov. 4, 9, 1960**
 - (a) Identity of Grantor **yes**
 - (b) Before What Officer Acknowledged **Notary**
..... **Public County -- Pinellas State Fla.**
 - (c) Official Seal **yes**
6. Separate Examination
7. What Statutory Words Used
8. Words of Conveyance **give and grant**
9. Date of Filing **Nov. 12, 1960**
10. Recorded in Deed Book **119**....., Page **559**
for **Washington**..... County.
11. Does the Deed contain any special limitations, provisions or
restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

...That we, Norman C. Sleezer Jr. and Margaret G. Sleezer, his wife,
do give and grant to the optionee and its assigns an extension to
and including May 24, 1961 of that certain Option heretofore given
by the optioners to the optionee dated May 25, 1960, subject to the
same terms and conditions as contained in said Option

Return to:
Houston Texas Gas & Oil Corp.,
P. O. Box 10400
St. Petersburg 33, Fla.

DEED 121-332

COMPRESSOR STATION #13
WASHINGTON CO., FLA.

This Indenture,

Whereas, said party of the first part, for and in consideration of the sum of TEN AND NO/100 Dollars, to him in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said party of the second part forever, the following described land, situate, lying and being in the County of Washington, State of Florida, to wit:

Made this 10th day of June A. D. 19 61

Between

NORMAN C. SLEEZER, JR. and MARGARET G. SLEEZER, his wife,

of the County of Washington in the State of Florida
party of the first part, and

HOUSTON TEXAS GAS AND OIL CORPORATION

of the County of Pinellas in the State of Florida
party of the second part,

Witnesseth, that the said party of the first part, for and in consideration of the sum of TEN AND NO/100 Dollars, to him in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said party of the second part forever, the following described land, situate, lying and being in the County of Washington, State of Florida, to wit:

The South one-half (S $\frac{1}{2}$) of the Northwest one quarter (NW $\frac{1}{4}$) of the Southeast one-quarter (SE $\frac{1}{4}$), less the following: (1) All that part lying and being East of the Caryville and Shell Landing Road and (2) All that part lying North of a graded road running West from Caryville Road to Yates Mill Creek, which road intersects Caryville Road at a point approximately 1095.7 feet Northerly from the Southeast corner of the North one-half (N $\frac{1}{2}$) of the Southwest one-quarter (SW $\frac{1}{4}$) of the Southeast one-quarter (SE $\frac{1}{4}$), all in Section 9, Township 3 North, Range 16 West, Washington County, Florida.



And the said party of the first part does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons whomsoever.

In Witness Whereof, the said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in Our Presence:

Charles Hudson
Matt Wood

Norman C. Sleezer, Jr.
Norman C. Sleezer, Jr.
Margaret G. Sleezer
Margaret G. Sleezer



121 745 333
State of Florida;

County of WASHINGTON

I HEREBY CERTIFY, That on this day, personally appeared before me, an officer duly authorized to administer oaths and take acknowledgments,

Norman C. Sleezer, Jr and wife Margaret G. Sleezer to me well known and known to me to be the individual described in and who executed the foregoing deed; and they acknowledged before me that executed the same freely and voluntarily for the purposes therein expressed.

WITNESS my hand and official seal at Chipley
County of Washington, and State of Florida, this 10th day
day of June, A. D. 1961

James L. Sledge
Notary Public

My Commission Expires 2/8/64

Filed for record this 15 day
of June 1961 at
Chipley, Fla., and recorded
in Book 121 at page
200
D. L. Sledge
Clerk Circuit Court
By Washington County, Florida Deputy Clerk

42696

ALL in Section 9, Township 3 North,
Range 16 West, Washington County,
Florida.

§1 of W.P. of §§1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 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Beginning 50 feet at the survey line of State Road 2-44, Section 11S, Range 16N, Township 2 North, Range 16 West, at a point 59.14 feet west of the southwest corner of S4 of R2 of said Section 31 said point being on a curve, thence to the easterly, having a radius of 8725.52 feet, thence to a point bearing of North 8°12'12" East, on the easterly, thence to a point only 157.70 feet along said curve, through a central angle of 1°44'30" to the end of curve, thence North 0°07'10" East 1390.95 feet to the end of right of way acquisition and the end of survey line herein described, containing 0.13 of an acre, more or less, including area within existing road.

DOCUMENTARY STAMPS
STATE
FEDERAL

STATE ROAD DEPARTMENT OF FLORIDA
DIVISION OF RIGHTS OF WAY
DESCRIPTION APPROVED
MAY 22 1963 BY S.C.



119-518

TO HAVE AND TO HOLD THE SAME, together with all and singular the appurtenances thereto in anywise incident to the same, unto the said parties of the first part, their heirs and assigns forever; and the said parties of the first part do hereby fully warrant the title to said land and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, said parties of the first part have hereunto set their hands and seals, the date first above written.

Signed, sealed and delivered
in the presence of:

Cynthia W. Sawyer
Clayton Smith

Harold L. Sawyer (SEAL)
Norman C. Sawyer (SEAL)

Signature of TWO witnesses
required above by Florida law

STATE OF Florida

COUNTY OF Washington

Before me personally appeared Harold L. Sawyer and Norman C. Sawyer and known to me to be the full and legal owners of the above described premises, and acknowledged before me that they executed the same for the purposes and consideration therein expressed.

WITNESS my hand and official seal this 11th day of April, 1961.



Harold L. Sawyer
Notary Public, State of Florida
My Comm. Expires 11th day of April, 1961
My Office is at 1111 N. W. 1st St., Miami, Fla.

RECORDED
INDEXED
APR 11 1961
COUNTY OF WASHINGTON
STATE OF FLORIDA

No. 37155 ✓
Book 69 Page 54
Kind of Conveyance W. C.
Date Oct - 1933
Consideration, \$10.00
Execution Reg. (a) Signed same
as Grantors
(b) Sealed ✓ (c) No. Witnesses —
Acknowledged before N. P.
County Walton State Florida
(a) Identity of Grantor ✓
(b) Date Oct - 1933 (c) Seal ✓
Separate Examination —
Statutory Words Used —

Grantor Oullard. M. E. Kenzie Sur-
rentine Company.

Grantee J. N. Lee

Words of Conveyance granted, bargained,
sold, released, conveyed, released,
conveyed & confirmed.

Special Limitations, Provisions or Restrictions —

Habendum (Prior to June 3, 1903) —

Date of Filing Jan. 15, 1941

DESCRIPTION: In Washington county, Florida

Southwest quarter of Southeast quarter, (SW 1/4 of SE 1/4) Section Nine (9) Township Three (3) North, Range Sixteen (16) West, containing forty (40) acres, more or less.

No. 37977 ✓
Book 70 Page 581-582
Kind of Conveyance Warranty Deed
Date December 8, 1952
Consideration, \$ 100.00 and other val. cons.
Execution regular (a) Signed same as
grantors
(b) Sealed yes (c) No. Witnesses 2
Acknowledged before Notary Public
County Escambia State Fla.
(a) Identity of Grantor yes
(b) Date Dec. 8, 1952 (c) Seal yes
Separate Examination --
Statutory Words Used --

Grantor E. H. Pittman and Terry Mae Pittman,
husband and wife.

Grantee Merriell D. Barrineau

Words of Conveyance granted, bargained and
sold

Special Limitations, Provisions or Restrictions

Hebendum (Prior to June 3, 1903)

Date of Filing October 20, 1953

DESCRIPTION: the following described real estate, situate, lying and being in
County of Washington, State of Florida to-wit:

SW $\frac{1}{4}$ of NW $\frac{1}{4}$ and SW $\frac{1}{4}$ of NE $\frac{1}{4}$ and NE $\frac{1}{4}$ of SW $\frac{1}{4}$ and W $\frac{1}{2}$ of SE $\frac{1}{4}$ LESS a strip of land
lying on the East side of a public road known as Caryville and Hinson Cross Road.
Road which road runs North and South across said W $\frac{1}{2}$ of SE $\frac{1}{4}$, all being in Section
9, Township 3 North, Range 16 West. This property is conveyed subject to an
obligation of \$4,250.00 due J.N. Lee as a part of the purchase price of the property
hereby conveyed. This property is also conveyed subject to County and State taxes
for the year 1952.

No. 53318
Book 97 Page 341
Kind of Conveyance W. D.
Date February 9, 1954
Consideration, \$ 10.00 & other val cons
Execution regular (a) Signed same
as grantors
(b) Sealed yes (c) No. Witnesses 2
Acknowledged before Notary Public
County Escambia State Fla
(a) Identity of Grantor yes
(b) Date Feb. 12, 1954 (c) Seal yes
Separate Examination ---
Statutory Words Used ---

Grantor Merriell D. Barrineau and wife,
Dorothy A. Barrineau

Grantee Aaron A. Duke and wife,
Teresa Duke

Words of Conveyance granted, bargained
and sold

Special Limitations, Provisions or Restrictions

no

Hebendum (Prior to June 3, 1903)

Date of Filing April 20, 1954

DESCRIPTION:the following described land, situate, lying and being in Washington County, Florida, to wit: SE $\frac{1}{4}$ of NW $\frac{1}{4}$ and SW $\frac{1}{4}$ of NE $\frac{1}{4}$ and NE $\frac{1}{4}$ of SW $\frac{1}{4}$ and W $\frac{1}{2}$ of SE $\frac{1}{4}$ less a strip of land lying on the East side of a public road known as Caryville and Hinson Cross Roads Road which road runs North and South across said West half of SE $\frac{1}{4}$ all being in Section 9, Township 3 North, Range 16 West.

No. 59184 ✓
Book 111 Page 379
Kind of Conveyance Warranty Deed
Date April 17, 1956
Consideration, \$ 1.00 and val. cons.
Execution regular (a) Signed same as
grantor
(b) Sealed yes (c) No. Witnesses 2
Acknowledged before Notary Public
County Washington State Fla.
(a) Identity of Grantor yes
(b) Date April 17, 1956 (c) Seal yes
Separate Examination
Statutory Words Used

Grantor Aaron A. Duke and wife,
Teresa Duke
Grantee J. N. Lee
Words of Conveyance grant, bargain, sell
and convey
Special Limitations, Provisions or Restrictions
Hobendum (Prior to June 3, 1903)
Date of Filing October 18, 1957

DESCRIPTION...the following described real estate, situate, lying and being in
County of Washington, State of Florida, to-wit:

South West quarter of South East quarter (SW $\frac{1}{4}$ of SE $\frac{1}{4}$) Section nine (9)
Township Three (3) north, Range sixteen 16 west containing forty (40)
acres, more or less

Abstract of _____

59250 ✓

J. N. Lee and Anna Lee

Grantor

To

Houston Texas Gas and
Oil Corporation, a
Delaware corporation

Grantee

1. Kind of Conveyance Easement Grant
2. Date of Conveyance Oct. 18, 1957
3. Consideration, \$5.00 and \$1.00 per lineal rod
4. Execution regular
 - (a) Signed J. N. Lee
Anna Lee
 - (b) Sealed yes
 - (c) No. of Witnesses 2
5. Date of Acknowledgment Oct. 18, 1957
 - (a) Identity of Grantor yes
 - (b) Before What Officer Acknowledged Notary
Public County Washington State Fla.
 - (c) Official Seal yes
6. Separate Examination
7. What Statutory Words Used
8. Words of Conveyance grant and convey
9. Date of Filing Nov. 8, 1957
10. Recorded in Deed Book 111, Page 509
for Washington County.
11. Does the Deed contain any special limitations, provisions or restrictions?
12. Words of limitation (Quote fully prior to June 3, 1903)

Description of Property

..through and across the following described lands of which the Grantor warrants they are the owners in fee simple, situated in Washington County, State of Florida, to wit:

SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Sec. 9, Twp. 3 North Range 16 West

\$152.00 as damages in full will be paid to the Grantor

OPTION TO PURCHASE

Compressor Site #13

STATE OF FLORIDA

COUNTY OF Washington

SS.

118 621

This writing, between Anna Lee and Iris and Amos Worthington and
Gess and Aaron Duke and Ernestine Bush of the First Part, and Gas and Oil
Corporation of Houston, Texas of the Second Part

WITNESSETH:

That for and in consideration of the sum of Five Hundred
500.00 DOLLARS, the adequacy and the receipt of which is acknowledged by the signing,
making and delivering of this instrument, the Parties of the First Part convey and trans-
fer to the Party of the Second Part an option to buy the property hereinafter described,
upon payment of the additional sum of Forty Five Hundred (\$4500.00) DOLLARS,
the Parties of the First Part, upon payment of said additional sum by the Party of the
Second Part, hereby agree and bind themselves, jointly and severally, to convey and trans-
fer good and sufficient warranty title to the property hereinafter described, to the Party
of the Second Part, said property being described as follows:

7 1/2 of SW 1/4 of SE 1/4, Sect. 9 Township 3 N Rge. 16 W.



This option shall become null and void, in the sole discretion of the Party of the
Second Part in the event that during the life of this option, any governmental unit, agency,
authority, state or federal, municipal or county, should exercise, or attempt to exercise,
authority as a zoning agency with the result that the subject property is zoned or rezoned,
will, as a result of such attempted exercise of such power by said governmental unit,
agency or authority, be zoned or rezoned so as to be unusable to any extent or degree for
construction, repair, maintenance, duplication or enlargement of a metering station.
In the event of this option becoming null and void in the manner aforesaid in this para-
graph, then, in such event, the Party of the Second Part is to receive back from the Parties
of the First Part all monies paid unto the said Parties of the First Part and the respective
Parties hereunder shall each be relieved and discharged each from the other, of and from any
and all further liabilities arising hereunder.

The Parties of the first Part jointly and severally covenant that they will execute
and deliver to the Party of the Second Part all instruments necessary to effect a transfer
of fee simple warrantable title in the event this option is exercised by the Party of the
Second Part.

Time is of the essence of this contract, and should the Party of the Second Part, or
any party or parties designated by the Party of the Second Part, decide to exercise this
option to buy, the purchase money must be paid on or before the 23rd day of July, 1950,
or this option shall become void and be of no further force and effect whatsoever.

This instrument shall be binding on the parties hereto, their heirs, successors and
assigns, as the case may be.

IN WITNESS WHEREOF, the Parties of the First Part have hereunto signed their names and
fixed their seals, this 1st day of July, 1950.

Witnessed, sealed and
delivered in the
presence of: Mont Wood
Ernestine Bush

Anna Lee (L.S.)
Iris and Amos Worthington (L.S.)
Gess and Aaron Duke (L.S.)
Ernestine Bush (L.S.)

COURT HOUSE STATION #13
WASHINGTON COUNTY, FLORIDA

WARRANTY DEED

THIS INDENTURE made this 24 day of August

A.D. 1961, between ANNA LEE, a widow; IRIS WORTHINGTON and AMOS WORTHINGTON, her husband; THERESA DUKE and AARON A. DUKE, her husband; and KENNETH BUSB HORTON and MACK HORTON, her husband, of the County of Washington, and State of Florida, parties of the first part, and EVANCO TEXAS GAS AND OIL CORPORATION, a corporation existing under the laws of the State of Delaware, having its principal place of business in the County of Pinellas, and State of Florida, party of the second part,

WITNESSETH, that the said parties of the first part, for and in consideration of the sum of TEN AND NO/100 DOLLARS and other good and valuable consideration, to them in hand paid, the receipt whereof is hereby acknowledged, have granted, bargained, sold, aliened, remised, released, enfeoffed, conveyed and confirmed and by these presents do grant, bargain, sell, alien, remise, release, enfeoff, convey and confirm unto the said party of the second part and its successors and assigns forever, all that certain parcel of land lying and being in the County of Washington and State of Florida, more particularly described as follows:

N₁ of SW₁ of SE₁, Section 9, Township 3 North, Range 16 West.

TOGETHER with all the tenements, hereditaments and appurtenances, with every privilege, right, title, interest and estate, dower and right of dower, reversion, remainder and easement thereto belonging or in anywise appertaining;

TO HAVE AND TO HOLD the same in fee simple forever.

And the said parties of the first part do covenant with the said party of the second part they are lawfully seized of the said premises, that they are free of all incumbrance, and that they have good right and lawful authority to sell the same; and that said parties of the first part doth hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons whomsoever.



IN WITNESS WHEREOF, the said parties of the first part have hereunto set their hands and seals the day and year above written.

Signed, Sealed and Delivered in our Presence:

Annie Mae Thomas
Mart Wood

Anna Lee
Iris Worthington

Amos Worthington

Theresa Duke

Ernestine Bush Horton

Mack Horton

Alton A. Duke

STATE OF FLORIDA)
COUNTY OF WASHINGTON) SS

I hereby certify that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared ANNA LEE, IRIS WORTHINGTON, AMOS WORTHINGTON, THERESA DUKE, ERNESTINE BUSH HORTON, and MACK HORTON, to whom to be the persons described in and who executed the foregoing instrument, and they acknowledged before me that they executed the same.

WITNESS my hand and official seal in the County and State aforesaid this 24 day of Aug, 1961.

Annie Mae Thomas
Notary Public, State of Florida
My commission expires: April 21, 1964



#3107

Filed for record this	<u>9</u>	day
of	<u>September</u>	19 <u>61</u>
at	<u>9:30</u>	o'clock <u>A.M.</u> , and recorded
in	<u>Dist. Book 122</u>	at page
and record verified.		
<u>J. L. Jensen</u> Clerk Circuit Court		
By	Deputy Clerk	
Washington County, Florida		

No.
Book O. R. 9 Page 407
Kind of Conveyance Deed
Date August 14, 1963
Consideration, \$ 1.00 and other val. cons.
Execution regular (a) Signed Florida Gas
Transmission Company By D.B. Sprow, Exec. V-P
Attest R.Y. Patterson, Jr., Asst. Sec.
(b) Sealed yes (c) No. Witnesses 2
Acknowledged before N. P.
County Orange State Fla.
(a) Identity of Grantor yes
(b) Date same (c) Seal yes
Separate Examination
Statutory Words Used

Grantor Florida Gas Transmission Company
a corporation

Grantee State of Florida

Kind of Conveyance

grant, bargain, sell and convey

Special Limitations, Provisions or Restrictions

Hebendum (prior to June 3, 1903)

Date of Filing June 25, 1964

DESCRIPTION...the following described land, situate, lying and being in the
County of Washington, State of Florida, to-wit:
That part of: The S $\frac{1}{2}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$ lying South of a graded road running West from
Caryville Road to Yates Mill Creek, LESS that part lying East of the Caryville and
Shell Landing Road; and the N $\frac{1}{2}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$ LESS that part lying East of the
Caryville and Shell Landing Road; all in Section 9, Twp. 3 North, Range 16 West;
lying within 50 feet of the survey line of State Road S-284, Section 61520, said
survey line being described as follows: Begin on the South line of Section 9,
Township 3 North, Range 16 West at a point 59.18 feet West of the SE corner of
NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of said Section 9; said point being on a curve, concave to the Easterly
having a radius of 5729.05 feet; thence from a tangent bearing of North 4°33'27"
East run NW'erly, N'erly and NE'erly 467.70 feet along said curve, through a central
angle of 4°40'37" to the end of curve; thence North 0°07'10" East 1398.95 feet

o the end of right of way acquisition and the end of survey line hereind escribed
ontaining 1.55 acres more or less including area within existing road.

This Indenture.

Wherever used herein, the term "party" shall include its heirs, personal representatives, successors and/or assigns of the respective parties herein; the use of the singular number shall include the plural, and the plural the singular; the use of any gender shall include all genders; and, if used, the term "note" shall include all the notes herein described (if more than one).

Made this 30th day of April, A. D. 1962

Between FLORIDA GAS TRANSMISSION COMPANY, formerly HOUSTON TEXAS GAS AND OIL CORPORATION,
 a corporation existing under the laws of the State of Delaware
 party of the first part, and

WILLIAM JOHN
 Washington and State of Florida of the County of party of the second part,

Witnesseth, that the said party of the first part, for and in consideration of the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATIONS ~~in hand~~ in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has remised, released and quitclaimed, and by these presents does remise, release and quitclaim unto the said party of the second part all the right, title, interest claim and demand which the said party of the first part has in and to the following described lot, piece or parcel of land, situate lying and being in the County of Washington State of Florida, to wit:

All that part of the N $\frac{1}{2}$ of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$, Section 9, Township 3 North, Range 16 West, Washington County, Florida, lying and being East of Caryville and Shell Landing Road.



To Have and to Hold the same, together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest and claim whatsoever of the said party of the first part, either in law or equity, to the only proper use, benefit and behoof of the said party of the second part.

In Witness Whereof, the said party of the first part has caused these presents to be signed in its name by its President, and its corporate seal to be affixed, attested by its Secretary the day and year above written.

(Corporate Seal)

FLORIDA GAS TRANSMISSION COMPANY

FORM APPROVED
 123 530
 LEGAL

Attest: R. J. Fotherman
 Asst. Secretary

By W. H. Brown
 Vice President

Signed, Sealed and Delivered in Our Presence:

John L. Brown
Medred Brown

DEED 123-14-531

State of Florida,

County of Pinellas

I HEREBY CERTIFY, That on this 30th day of April A. D. 1962, before me personally appeared D. B. Sprock, Vice President and Asst. Secretary, and R. Y. Patterson, Jr., respectively, of FLORIDA GAS TRANSMISSION COMPANY, a corporation under the laws of the State of Delaware, to me known to be the persons described in and who executed the foregoing conveyance to

WILLIAM YORN

and severally acknowledged the execution thereof to be their free act and deed as such officers, for the uses and purposes therein mentioned; and that they affixed thereto the official seal of said corporation, and the said instrument is the act and deed of said corporation.

WITNESS my signature and official seal at St. Petersburg in the County of Pinellas and State of Florida, the day and year last aforesaid.

Lillian M. Chesser
Notary Public

My Commission Expires

Notary Public, State of Florida at large

My Commission Expires, Oct. 31, 1963



Filed for record this	19	day
of	April	1962
11:57 a.m. and recorded		
in Book	125	at 1962
and recorded		
By	<i>J. J. [Signature]</i>	
Washington County, Florida	Deputy Clerk	

W 4728

WILLIAM YORN
8-1, 1962
Lynnville, VA
Date 4-30-62

TO

FLORIDA GAS TRANSMISSION COMPANY

Quit-Claimed
FROM CORPORATION

200
220

THIS INSTRUMENT made this 22nd day of May 1963, by and between the State of Florida, as Grantor, and the State Road Department of Florida, as Grantee, for the purpose of conveying unto the party of the second part, the certain parcel of land, to-wit: a certain parcel of land, situated in the County of Washington, State of Florida, and being more particularly described as follows:

That part of:
 The $\frac{1}{2}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 16, Township 3 North, Range 16 West, DESS 8, acres off the West $\frac{1}{2}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of NE $\frac{1}{4}$, and the $\frac{1}{2}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 9, Township 3 North, Range 16 West;

lying within 33 feet of the survey line of State Road 8-284, Section 16, said survey line being described as follows: Commence on the North line of Section 16, Township 3 North, Range 16 West, at a point 62.27 feet West of the Northeast corner of the NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of said Section 16; thence South 6°25'20" East 700 feet to the beginning of survey line to be described herein; thence North 6°23'20" West 513.08 feet to the beginning of a curve, concave to the Easterly, having a radius of 5729.65 feet; thence Northwest 186.17 feet along said curve, through a central angle of 1°51'53" to the South line of Section 9, Township 3 North, Range 16 West at a point 39.18 feet West of the Southeast corner of the SW $\frac{1}{4}$ of NE $\frac{1}{4}$ of said Section 9; thence continue Northwest 186.17 feet, Northerly and Northeast 167.70 feet along said curve through a central angle of 1°40'37" to the end of curve; thence North 0°07'10" East 1398.95 feet to the end of right of way acquisition and the end of survey line herein described; containing 1.72 acres, more or less, including area within existing road.

DOCUMENTARY STAMPS
 STATE 30¢
 FEDERAL

STATE ROAD DEPARTMENT OF FLORIDA
 DIVISION OF RIGHTS OF WAY
 DESCRIPTION APPROVED
 MAY 22 1963 BY S. C.

8913



Filed for record this 17 day of June 1964 at 9 o'clock A.M. and recorded in R.R. Book 9 at page 1 and record verified by J. L. [Signature] Clerk Circuit Court Washington County, Florida

TO HAVE AND TO HOLD THE SAME; together with all and singular the appurtenances thereto in anywise belonging or in anywise incident or appertaining forever; and the said part of the said part do hereby fully warrant the title to said land and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, said parties of the first part, hereunto set their hands and seals on the date first above written.

Signed, sealed and delivered
In the presence of:

Annmarie Thomas
Jerr Thomas

**Signature of TWO witnesses
required above by Florida law**

1. James A. Lee (1845)
 2. James A. Lee (1845)
 3. James A. Lee (1845)
 4. James A. Lee (1845)
 5. James A. Lee (1845)
 6. James A. Lee (1845)
 7. James A. Lee (1845)
 8. James A. Lee (1845)
 9. James A. Lee (1845)
 10. James A. Lee (1845)

COUNTY OF WASHINGTON

Before me, the undersigned authority, on this _____ day of _____, 19____, Anna Lee, a widow; James Northington and wife, Tain Northington, Benjamin Barton, and husband, Makely Barton; and Aaron A. Doss and wife, were duly sworn at law of John H. Lee, deceased.

1. It is well noted that many of the individuals who are
 arrested for carrying firearms are persons who are
 in the law enforcement community.

(continued)

... ..

118 622

INDIVIDUAL ACKNOWLEDGMENT

STATE OF FLORIDA)
COUNTY OF WASHINGTON) SS

I HEREBY CERTIFY, that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid, to take acknowledgments, personally appeared William M. White and one William A. White to me known to be the person described in and who executed the foregoing instrument and he acknowledged before me that he executed the same.

WITNESS my hand and official seal at Daytona Beach, in the County and State last aforesaid this 27 day of July, A.D. 1957



Notary Public

My commission Expires:

Notary Public, State of Florida at Large
My Commission Expires April 20, 1964
Bonded by American Surety Co. of N.Y.

CORPORATE ACKNOWLEDGMENT

STATE OF FLORIDA)
COUNTY OF) SS

I HEREBY CERTIFY, that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments personally appeared _____ and _____ to me known to be the _____ and the _____ of _____ a corporation described in and who executed the foregoing instrument and they each acknowledged before me that being informed of the contents of the instrument they, as such officers, and with full authority, executed the same voluntarily for and as the act of said corporation.

WITNESS my hand and official seal at _____, in the County and State last aforesaid this _____ day of _____, A.D., 195____

Notary Public

My commission Expires:

645

Filed for record	2nd
of June	60
11 A	
118	
Loran L. Cook	
Thurgood Lewis	

0/5 2.00
1.50
2.50

(A composite of 4 pages)

ST A D DRF	LOC	4005769009	RSQ	40501630	MTR	78994488
26389-01 DT12 CYC405 LM 0	TEL	5352340	APLDTE	22383	XRF	0
FLORIDA GAS TRANSMISSION	BTEL	5354529	CONDTE	22383	DISCDTE	0
ATTN: J. T. - CARYVILLE	PAGER		DELQ	7	BDCK	0 EST 0 CKS 0
1967 COMMONWEALTH LANE	FAX		CUT	0	ACUT	0 VAC 0 PSL 0
TALLAHASSEE FL	CELL		KVA	.00	MIN	75.00
	OTHER		EUSE	7	BB BAL	.00
	SSN		MSG	FUTURE		.00
	S-SSN		CT/PT	BAL		3224.60

-----HISTORY MONTH 1-----									
DATES	TY	P-RDG	PV-RDG	KWH	SVC	ENG	3054.96	PEN	.00
BIL 71001	0	34459	33389	42800	32	FUL	152.80	OT1	.00
DUE 72501		0		0		YL	.00	OT2	.00
RDG 62501	2	0		0		TAX	238.12	OT3	.00
MULT 40	MC		YLKWH	0		LTX	.00	INT	.00
D-RDG	3.925	.000	.000	.000	AVG	FTX	.00	MBR	.00
A-DMD	157.000	.000	.000	.000	0.0	GTX	74.32	DEP	.00
D-BIL	157.000	.000	.000	.000		OTX	.00	ODP	.00
KVA	.000	KVAR	.000	.000		MIS	.00	BIL	3214.60
POWER FACTOR	.000	#AJ	0	TY	AJ	OTH	.00	BBA	.00
RATE 5	ARCD	0	F FACTOR	NBR	0	BH	0	EQP	.00
CLAS 4	TXDT	9	.003570-	DTE	0			RUP	.00
D/NP 0	CRCD	0	PAY	.00		CON	.00	NET	3224.60

4005769009 ----- ELECTRIC HISTORY INQUIRY -----

	RDATE	TB	DS	RDG	TR	KWH	AVG	BILL	MC	DEMRDG	ACTDEM	BILLDEM	
1	062501	0	32	34459	2	42800	1337	3214.60		3.925	157.000	157.000	1
2	052401	0	28	33389	2	30920	1104	2550.93		3.600	144.000	144.000	2
3	042601	0	31	32616	2	4760	153	923.39		3.950	158.000	158.000	3
4	032601	0	31	32497	2	4800	154	1223.09		3.500	140.000	140.000	4
5	022301	0	30	32377	2	24200	806	2075.36		3.300	132.000	132.000	5
6	012401	0	33	31772	2	35240	1067	2713.00		3.700	148.000	148.000	6
7	122200	0	30	30891	2	38000	1266	2823.50		3.950	158.000	158.000	7
8	112200	0	28	29941	2	42040	1501	3001.74		3.975	159.000	159.000	8
9	102500	0	29	28890	2	87040	3001	4881.59		3.400	136.000	136.000	9
10	092600	0	33	26714	2	54440	1649	3392.96		3.350	134.000	134.000	10
11	082400	0	30	25353	2	56040	1868	3571.21		3.750	150.000	150.000	11
12	072500	0	32	23952	2	51840	1620	3299.38		3.400	136.000	136.000	12
13	062300	0	29	22656	2	52720	1817	3320.76		3.760	150.400	150.400	13

NBR MIN BILLS	0	-----	AVERAGES	-----	PEAK ACT DEM	159.000	MO	8
NBR EST BILLS	0	DAYS SVC	30 KWH	39343	PEAK BILL DEM	159.000	MO	8
HIGH MONTH	9	YLKWH	0	BILL	2805.89			
LOW MONTH	3				CURRENT MULT	40		

-----DEPRESS FUNCTION KEY FROM THE LIST BELOW-----

Florida Gas Transmission
Account #2638901

Month	Reading Date	Reading	KWH	Actual Demand
1	January 21, 2001	31772	35240	148.000
2	December 22, 2000	30891	38000	158.000
3	November 22, 2000	29941	42040	159.000
4	October 25, 2000	28890	87040	136.000
5	September 26, 2000	26714	54440	134.000
6	August 24, 2000	25353	56040	150.000
7	July, 25, 2000	23952	51840	136.000
8	June 23, 2000	22656	52720	150.400
9	May 25, 2000	21338	46840	114.000
10	April 25, 2000	20167	56440	126.000
11	March 24, 2000	18756	38880	120.000
12	February 22, 2000	17784	48600	124.000
13	January 24, 2000	16569	51000	116.000

*Peak KW Demand 159.000 Month 3

-----GENERAL CONSUMER INQUIRY-----

ST A D LM 0 LOC 4005769009 RSQ 40501630 MTR 78994488
 2638901 DT 12 CYCL 405 TELEPHONE 5352340 APPLDATE 22383 DRAFT
 FLORIDA GAS TRANSMISSION BUS PHONE 5354529 CONNDATE 22383
 ATTN: J. T. - CARYVILLE PAGER NBR DISCDATE 0
 1967 COMMONWEALTH LANE FAX NBR DELQ 7 BDCK 0 MBRSEP
 TALLAHASSEE FL CELL NBR CUTF 0 ACUT 0 CD 1
 OTHER NBR EST 0 VAC 0 2
 SOC SEC NBR KVAMIN .00 3
 DRVLIC MINAMT 75.00 4

SPOUSE

EMAIL

NOTE

POLE FF8-7A-1-1L

HP

RMG

MTR DIALS

DEMAND

5

MTR MULT

40

DEM MULT

40

RATE 5 COUNTY 2 MAIL CD 1 TAX CD 0 PEN CD 0 XREF 0
 CLASS 4 CITY 0 NEWS CD 1 TAXDST 9 CUT CD 0 ASST 1 STCD 1
 PS CD 2 NAT CD 1 X BIL 0 DUN CD 0 ENERGY 7 PAT 14346.17

RT	TY	NO	KWH	AMOUNT	REOCCURRING	CONSUMER	BUDGET	ACCOUNT
					CD AMOUNT	CD 1:		BALANCE
					1	2:	AMT	3224.60
					2	3:	BAL	LAST BILL
					3	4:	CD	071001

Alabama Electric Cooperative, Inc.
Post Office Box 550
Andalusia, Alabama 36420
Phone: (334) 427-3454
Fax: (334) 222-7785

Exhibit ____ (JP-1)

(A composite of 2 pages)

Jeff Parish
Vice President
Bulk Power & Delivery
jeff.parish@powersouth.com

COOPERATIVE
A Touchstone Energy® Cooperative 

June 18, 2001

Mr. John Lucas
Manager, Transmission Services
Southern Company Services, Inc.
600 North 18th Street
P. O. Box 2625
Birmingham, AL 35202

RE: Hinson's Crossroads Request

Dear John:

On March 8, 2001, we wrote requesting that you study service to a potential load at Hinson's Crossroads. You responded on May 4, 2001, raising the "retail wheeling" issue and requesting further information. We provided the information that you requested in my letter of May 10, 2001.

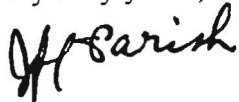
I am puzzled by the retail wheeling issue raised in your letter of May 4. We see no difference in the circumstances here from those in the Honda situation. You repeatedly raised this issue in our request to study transmission service to support a member's service to the Honda load in Alabama — for example, in your letter of December 7, 1999. In my letter of December 10, 1999, we asked that you either confirm that you would not refuse the service to Honda should it be requested or state your basis for your refusal to provide the service. Your response of February 18, 2000, said the service would be provided if we sign an amendment to our existing agreement to add the new delivery point and pay the cost. As I indicated in Attachment A to my letter of May 10, the Hinson's Crossroads load would be retail load of West Florida Electric Cooperative, an AEC member-owner. The transmission service from Southern would be for wholesale service by AEC to its member. As we previously discussed, a similar situation exists in Mississippi where the Southern OAT Tariff is being used for wholesale service to support a retail load of a member distribution cooperative of South Mississippi Electric Power Association. Given the long history of wholesale transmission service by Alabama Power Company, Gulf Power Company and pursuant to the Southern OAT to AEC to serve its members, we find it implausible that the present request could raise a "retail wheeling" issue.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-ET EXHIBIT NO. 5
COMPANY/ Parish
WITNESS: 7-19-01
DATE: 7-19-01

Mr. John Lucas
Page 2
June 18, 2001

John, under the circumstances we request that you acknowledge that "retail wheeling" is not a factor in our current request and that you are willing to provide the service if requested, or state clearly why you will not provide the service and the reasons. We request that you respond by June 28, 2001.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeff Parish". The signature is stylized with a large, looped "J" and a cursive "P".

Jeff Parish
Vice President, Bulk Power &
Delivery

JP/ccw

John E. Lucas
Manager
Transmission Services

Southern Company
Services, Inc.
600 North 18th Street
Post Office Box 2625
Birmingham, Alabama 35202

Tel 205.257.7200
Fax 205.257.6663

Exhibit ____ (JP-2)

(A composite of 2 pages)



June 28, 2001

Mr. Jeff Parish
Vice President
Bulk Power & Delivery
Alabama Electric Cooperative, Inc.
Post Office Box 550
Andalusia, Alabama 36420

Re: Hinson's Crossroads

Dear Jeff:

I have received your letter dated June 18, 2001 regarding the Hinson's Crossroads transmission service request of AEC. Your letter indicates that you are "puzzled" by our retail wheeling concerns and asks that we acknowledge that retail wheeling is not an issue in the Hinson's Crossroads transmission service request. By means of this letter, I will try to resolve your confusion.

At the outset, let me emphasize that we are certainly willing to provide transmission service to AEC consistent with the terms and conditions of our Open Access Transmission Tariff. AEC is a valued transmission customer of Southern Companies, and we would like to provide transmission service to accommodate your business plans. The issue that we are trying to resolve is whether the request complies with the Tariff.

Sections 211 and 212 of the Federal Power Act gave FERC certain authority to order the provision of wholesale transmission service. Section 212 (h) expressly prohibits FERC from mandating the provision of retail transmission service. That Section provides that no order shall be issued that would require the transmission provider to transmit power directly to an ultimate consumer. It also forbids FERC from ordering wheeling to or for an entity that would sell directly to an ultimate consumer unless certain requirements are met. Notably those requirements include: (i) that the entity was providing electric service to the ultimate consumer on the date of enactment of the Section or (ii) that the entity will "utilize transmission or distribution facilities that it owns or controls to deliver all such electric energy to such electric consumer."

Southern Companies provide transmission service to AEC under their Tariff on file with FERC, and not Sections 211 and 212 of the Federal Power Act. Nonetheless, compliance with Section 212 (h) is a consideration because the Tariff references that

Mr. Jeff Parish
June 28, 2001
Page 2

statutory limitation. Specifically, Section 1.11 of the Tariff defines Eligible Customer and states, in pertinent part, as follows:

[W]ith respect to transmission service that the Commission is prohibited from ordering by Section 212 (h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

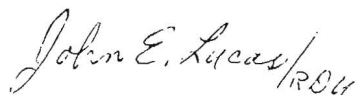
Thus, the Tariff excludes retail transmission service unless it is required by the state or is voluntarily provided. I am not aware of any such service being provided under our Tariff.

Southern Companies have not taken a position on whether the service that AEC is requesting is or is not retail transmission service. Instead, we are trying to understand how your request comports with the Tariff, and in particular Section 1.11. An important issue in this determination seems to be whether AEC will utilize transmission or distribution facilities that it owns or controls to serve the Hinson's Crossroads retail load. To date, you have not provided a clear indication that AEC will own or control such facilities. This is the type of information that we are requesting from you.

Finally, your letter references AEC's request for transmission service to support one of your member's service to Honda. You acknowledge that Southern Companies raised the retail wheeling issue, but you seem to imply that we ignored that concern in a letter dated February 18, 2000. That is not the case. Enclosed with the letter was a Facilities Study that expressly referenced Southern Companies' understanding that AEC would design and construct certain transmission facilities beyond the point of delivery from Southern Companies' transmission system that would be used to serve the Honda load. In short, we understood that AEC would own or control facilities and would qualify as an Eligible Customer.

I hope that this explanation clarifies our position and that you will provide the requested clarification. If you have any questions concerning this letter, please feel free to contact us.

Sincerely,

A handwritten signature in cursive script that reads "John E. Lucas". To the right of the signature, the letters "RDL" are handwritten.

John E. Lucas

TSA-1 EXHIBIT NO. _____

which includes a
letter and petition
for a total of 14 pages

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET

NO. 010441-51 EXHIBIT NO. 6

COMPANY/

WITNESS: Anthony

DATE: 9-19-08

KATZ, KUTTER, HAIGLER, ALDERMAN, BRYANT & YON

PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS AT LAW

www.katzlaw.com

Orlando Office

Suite 900
111 North Orange Avenue
ORLANDO, FL 32801
(407) 841-7100
fax (407) 646-0660

Tallahassee Office

12th Floor
106 East College Avenue
TALLAHASSEE, FL 32301
(850) 224-9634
fax (850) 222-0103

Miami Office

Suite 409
2999 NE 191st Street
AVENTURA, FL 33180
(305) 932-0996
fax (305) 932-0972

Washington, DC Office

Suite 750
801 Pennsylvania Avenue, NW
WASHINGTON, D.C. 20004
(202) 393-1132
fax (202) 624-0659

February 26, 2001

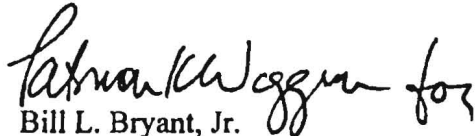
Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

Dear Ms. Bayo:

Enclosed are an original and fifteen copies of Gulf Power Company and Enron Compression Services Company's Joint Petition for Declaratory Statement to be filed with the Commission.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Joint Petition in Adobe Acrobat 4.0 format as prepared on a Windows NT based computer.

Sincerely,


Bill L. Bryant, Jr.

BLB:deg
Enclosures

cc: Beggs and Lane
Jeffrey A. Stone
Enron Compression Services Company
Gerald Nemec
Gulf Power Company
Susan D. Ritenour

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Joint petition of Enron Compression)
Services Company and Gulf Power Company)
for Declaratory Statement Concerning)
Eligibility of Public Utility to Serve Customer)
Pursuant to Section 366.03, Florida Statutes.)
_____)

Docket No.: 010265 -EI
Filed: February 26, 2001

JOINT PETITION FOR DECLARATORY STATEMENT

ENRON COMPRESSION SERVICES COMPANY ("ECS" or "the Customer"), by and through its undersigned counsel, and GULF POWER COMPANY ("Gulf Power"), by and through its undersigned counsel, hereby jointly petition the Florida Public Service Commission ("Commission") pursuant to Section 120.565, Florida Statutes and respectfully request the Commission's declaration that, on the facts set forth below, the Customer's request for electric service from Gulf Power is controlling in this case and, pursuant to that request, Gulf Power, the only public utility operating in the vicinity, is both obligated and entitled to furnish ECS with electric service pursuant to the rules and regulations of the Commission and the rates and other statements set forth in Gulf Power's Tariff for Retail Electric Service on file with and approved by the Commission. As grounds for the relief requested by this petition, ECS and Gulf Power (collectively "the Petitioners") respectfully show:

1. Notices and communications with respect to this petition should be addressed to:

For ECS:

Bill L. Bryant
Katz, Kutter, Haigler, Alderman,
Bryant & Yon, P.A.
106 E. College Avenue, Suite 1200
Tallahassee, FL 32301

with a copy to:

Gerald Nemec, Esquire
Enron Compression Services Company
1400 Smith Street
Houston, TX 77002-7361

For Gulf Power:

Jeffrey A. Stone, Esquire
Russell A. Badders, Esquire
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

with a copy to:

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

DOCUMENT NUMBER-DATE

02633 FEB 26 2001

BACKGROUND

2. ECS is a wholly owned subsidiary of Enron North America Corp. with corporate headquarters located at 1400 Smith Street, Houston, Texas. ECS provides compression services to natural gas pipelines. As part of a planned expansion of pipeline capacity owned and operated by Florida Gas Transmission ("FGT") scheduled to go into commercial operation in the Spring of 2002 known as the Phase V Expansion, FGT is building new pipeline segments and adding new compression capability to its pipeline system. FGT's Phase V Expansion will require a new compression support facility to be known as Station 13a that will be located adjacent to an existing compression support facility known as Station 13 already located in Washington County as a support facility for an existing mainline. The existing compression capability at Station 13 is natural gas fired. Station 13a will be installed on a mainline that is separate from the mainline that is currently served by Station 13. ECS has a contractual obligation to provide compression services to FGT at Station 13a. The compression services ECS is to provide to FGT requires ECS to operate two new electric motors to be installed at Station 13a. Prior to the development of the new electric motor compression equipment at Station 13a which ECS will be using to provide compression services to FGT, ECS has neither required nor received electric service from any electric utility within Washington County, Florida or, more generally, within any of the counties of Northwest Florida.

3. Gulf Power is an investor-owned electric utility with corporate headquarters located at 500 Bayfront Parkway, Pensacola, Florida. Gulf Power owns, maintains and operates an electric generation, transmission and distribution system within the state of Florida through which it provides retail electric service to customers applying therefore upon terms as required by the Commission. Gulf Power began serving customers within Washington County in January 1926 when Houston Power Company assigned its franchise rights for Chipley, Florida, the county seat of Washington County, to Gulf Power. Gulf Power also began providing electrical service to customers in the unincorporated areas of Washington County, Florida in 1926 and has

consistently provided electric service to such customers for the more than seventy-six years since.

DECLARATORY STATEMENTS SOUGHT

4. Based on the background and facts set forth in this petition, ECS and Gulf Power respectfully request the Commission's declaration that:

The Customer's request for electric service from Gulf Power is controlling in this case and, pursuant to that request, Gulf Power is both obligated and entitled to furnish ECS with electric service pursuant to the rates, rules, regulations and other statements set forth in Gulf Power's Tariff for Retail Electric Service on file with and approved by the Commission.

STATUTES, RULES AND ORDERS INVOLVED

5. ECS and Gulf Power seek the Commission's declaratory statement regarding the obligation and eligibility of Gulf Power to honor the Customer request for electric service from Gulf Power. The requested declaratory statement involves the following statutes, rules and orders:

- a. Section 366.03, Florida Statutes, which provides that Gulf Power, as a public utility, shall furnish to each person applying for electric service, such service upon terms as required by the Commission.
- b. Section 366.04(5), Florida Statutes, which provides the Commission with jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure the avoidance of further uneconomic duplication of generation, transmission and distribution facilities.
- c. Section 366.04(2)(e), Florida Statutes, which provides the Commission with authority to resolve on its own motion any territorial dispute involving service areas between and among rural electric cooperatives, and other electric utilities under the Commission's jurisdiction.
- d. Rule 25-6.0441(2)(d), Florida Administrative Code, which allows the Commission to consider customer preference when resolving territorial disputes involving electric utilities under the Commission's jurisdiction, if all other factors are substantially equal.
- e. Gulf Coast Electric Cooperative v. Clark, 674 So.2d 120 (Fla., 1996), in which the Florida Supreme Court ruled that a utility, which built new facilities in order to serve

a new customer based on that customer's preference as to which of two competing utilities should provide electric service, had not engaged in a race to serve the customer requesting such electric service. The court further ruled that in the absence of (1) a utility's uneconomic duplication of facilities belonging to another utility or (2) the first utility having engaged in a "race to serve" a customer, the customer's preference or choice of utilities should be considered by the Commission as a significant factor in awarding the right to serve, despite small differences in other factors that may fall in the favor of the other utility.

FACTS

6. FGT owns and operates a natural gas pipeline running through Florida. FGT is in the process of expanding the capacity of its natural gas pipeline facilities through the construction of new pipeline segments and adding new compression capability. Part of this pipeline capacity expansion is intended to serve new natural gas-fired electric generating facilities known as Smith Unit 3 being built at Gulf Power's Smith Plant outside Panama City, Florida. The expanded pipeline capacity and the new Smith Unit 3 are both expected to begin commercial operation in the Spring of 2002. FGT's Phase V Expansion is also a critical component in the supply of natural gas to new natural gas-fired electric generating capacity being developed elsewhere in Florida. More than 95% of the volume of natural gas to be transported through the new pipeline expansion is going to natural gas-fired electric generating plants in Florida which contributes to the critical nature of meeting the Customer's requested in-service date for the new electric service.

7. As part of the pipeline facilities owned and operated by FGT, there is a pumping station in Washington County, Florida known as Station 13. The new expansion of FGT's pipeline capacity requires a new pumping station for the new pipeline to be located adjacent to Station 13. The new pumping station, to be known as Station 13a, plays a critical role in maintaining the flow of natural gas into Florida through the new pipeline addition. As noted

earlier in this petition, over 95% of the natural gas volume to flow through the new pipeline and compression facilities, including Station 13a, is destined for natural gas-fired electric generating plants in Florida including Smith Unit 3 being developed at Gulf Power's Smith Plant. The expansion of FGT's pipeline capacity requires the addition of new compression equipment at the new Station 13a. As an alternative to additional compression facilities fueled by natural gas, ECS has contracted with FGT to supply the needed compression through the use of new electric motor compressor drivers to be installed at Station 13a as part of the Phase V pipeline capacity expansion. The new electric motor driver equipment will be operated by ECS in order that ECS can fulfill its contractual obligations to supply compression services to FGT. Due to the reliability requirements under its contract with FGT, ECS will require electric service from a new electric substation to be built at Station 13a which must be connected to and fed by a 230 kilovolt transmission system. Due to the critical role that Station 13a will play in maintaining the flow of natural gas into Florida and the firm commitment by ECS for compression services to FGT, ECS requires the higher degree of reliability associated with service from a networked 230 kilovolt transmission system which is generally much more reliable than a 115 kilovolt transmission system. In addition, the newly installed electric motors ECS will use to supply compression services pursuant to its contract with FGT must, in accordance with the manufacturers recommendations, be started "across the line" which causes high current in-rush at the time of starting, resulting in voltage drop on the circuit connected to the motors. Due to this reduced voltage at the motor terminals during starting, it is unlikely that the motors could be started successfully on a reliable basis if service were provided from a transmission source operating at 115 kilovolts or less. In order to meet its service obligation to FGT, ECS needs to begin receiving electric service sufficient to begin testing the electric motors on or before

February 1, 2002.

8. Gulf Power owns and operates the only existing 230 kilovolt transmission line that runs through Washington County, Florida. Gulf Power's existing 230 kilovolt transmission line runs approximately six miles south of Station 13a. Gulf Power's existing 230 kilovolt transmission line is the only such facility within the immediate area of Station 13a. In fact, Gulf Power owns, maintains and operates all existing 230 kilovolt transmission facilities that are located in Northwest Florida, including those in Washington County. Based on ongoing negotiations and discussions with ECS and in anticipation of ECS's formal request for electric service from Gulf Power at Station 13a which was signed on February 13, 2001, Gulf began pre-engineering the required line extension, planning for required acquisition of required easements and rights-of-way, and tentative procurement of long lead time equipment such as transformers, etc. in October 2000. Without such preliminary efforts, Gulf Power would have no opportunity to meet the Customer's requested in-service date of the new electric service facilities. Based on such preliminary efforts, and ECS's formal request for electric service from Gulf Power dated February 13, 2001 Gulf has begun right-of-way acquisition, project engineering and equipment procurement in a concerted effort to meet the customer's requested in-service date. Due to the critical need for ECS to meet the required in-service date of its commitment to FGT and the lead times required to design and construct the required electric service facilities, Gulf Power could not delay such efforts pending final resolution of this petition for declaratory statement.

9. FGT is presently an electric service customer of West Florida Electric Cooperative ("WFEC") at Station 13, taking such service from a three phase 25 kilovolt distribution line fed primarily from a substation belonging to Alabama Electric Cooperative ("AEC") located near Bonifay, Florida in neighboring Holmes County, approximately 14 miles

away from Station 13. WFEC's present electric service to FGT at Station 13 will continue without change despite the new electric service ECS has requested from Gulf Power at Station 13a. The existing electric service to Station 13 is not adequate for and will not support the electric service requirements of the new electric motor compressor drivers for which ECS has requested electric service from Gulf Power. Despite the inadequacy of existing electric service facilities belonging to either WFEC or AEC to serve the anticipated electric load associated with the new electric motor compressor drivers to be installed at Station 13a, and notwithstanding any decision by ECS to request electric service from Gulf Power through an extension of facilities from Gulf Power's existing 230 kilovolt transmission system, WFEC put ECS on notice by letter dated January 29, 2001 that WFEC may dispute both ECS's right to choose electric supplier in this instance and Gulf Power's entitlement to provide electric service in response to that choice. WFEC's letter is surprising given the apparent lack of interest WFEC has previously displayed since first contacted about the possibility of serving the new electric load of Station 13a.

10. ECS contacted both WFEC and Gulf Power to discuss the proposed compression project at FGT's Station 13a in approximately December 1998. General discussions concerning the project were conducted. Shortly thereafter, ECS decided to focus its efforts on obtaining electric service from Gulf Power given those general discussions. ECS and Gulf Power have been involved in discussions and negotiations since that time. Although ECS had not made a final decision to request electric service from Gulf Power, the discussions with Gulf Power culminated in Gulf Power agreeing in October 2000 to move forward with pre-engineering the required line extension, planning for the acquisition of required easements and rights-of-way, and tentative procurement of long lead-time equipment such as transformers, etc. In late November 2000, Alabama Electric Cooperative (AEC) contacted ECS on behalf of

WFEC to express interest in serving the load. ECS indicated to AEC that ECS would review any proposal they wanted to send, but that the timing was late and ECS was expecting to formalize arrangements for electrical service very shortly and they would need to respond quickly with the general details of their proposal. ECS provided AEC a load profile on December 7, 2000. No proposal has been received from AEC or WFEC to date in response to the load profile sent on December 7, 2000.

DISCUSSION

11. As stated earlier in this petition, in order to meet the reliability requirements associated with the compression services ECS is to supply to FGT, a new tap into Gulf Power's existing 230 kilovolt transmission line and the construction of new facilities from the new tap to a new substation to be built at Station 13a is required. The availability of Gulf Power's existing 230 kilovolt transmission line in relatively close proximity to the site and Gulf Power's willingness to work with ECS during the pre-engineering phase of this project to ensure timely delivery of reliable electric service of sufficient character for the new electric motors has been instrumental to the creation of the new electric motor driven facility in Washington County.

12. Despite the foregoing, and notwithstanding the Customer's choice of Gulf Power as the utility to supply electric service to the new electric motor driven compression equipment, WFEC has threatened to delay the project through litigation that disputes both ECS's right to choose electric supplier in this instance and Gulf Power's entitlement to provide electric service in response to that choice. WFEC's threat of litigation creates uncertainty as to whether Gulf Power has the obligation and entitlement to furnish ECS with electric service as requested pursuant to the rates, rules, regulations and other statements set forth in Gulf Power's Tariff for Retail Electric Service on file with and approved by the Commission. Timely availability of the

requested electric service to ECS is critical to the ability of ECS to meet its contractual commitment to FGT which in turn is critical to the increased flow of natural gas associated with the Phase V expansion that is necessary to supply new natural gas-fired electric generating plants being built in Florida, including the new Smith Unit 3 at Gulf Power's Smith Plant. Therefore, in order to ensure that electric service is available in a timely manner consistent with the needs of ECS as the party requesting electric service, it is vitally important that the Commission resolve this uncertainty in an expedited manner as is contemplated by Section 120.565, Florida Statutes.

13. ECS's choice of Gulf Power as the electric supplier for the electric load associated with the new electric motor driven compression equipment to be located at Station 13a is consistent with the policy against further uneconomic duplication of generation, transmission and distribution facilities within Florida embodied within Section 366.04(5), Florida Statutes. Service of the new electric load from Gulf Power's existing 230 kilovolt system avoids the need for WFEC and/or AEC to construct duplicative 230 kilovolt transmission facilities in order to connect electric generation from outside of Florida to the new load in lieu of existing generation owned and operated by Gulf Power and the new generation being built at Gulf Power's Smith Plant which will itself be served by the enlarged natural gas pipeline capacity to which the new electric motor compressor drivers ECS will use to supply compression services is such an integral component. The electric service requirements of ECS cannot be met by WFEC and/or AEC through any of their existing facilities and any cost incurred to upgrade their existing electric facilities to 230 kilovolt capability would clearly be uneconomic in light of Gulf Power's existing electric facilities already in close proximity to the Customer's site that are presently fully capable of providing the required level of electric service.

14. Resolution of this matter through the issuance of the requested declaratory statement is consistent with administrative efficiency. As the only public utility providing electric service in Washington County, Gulf Power does not have discretion under Section 366.03, Florida Statutes to deny ECS's request for electric service as presented in this case. Failure to honor the request for electric service pursuant to the terms and conditions approved and required by the Commission as set forth in Gulf Power Company's Tariff for Retail Electric Service would expose Gulf Power to a possible complaint by ECS regarding the public utility's failure to fulfill the statutory obligation of service. Such a filing would entail further administrative proceedings to resolve the complaint and would likely result in failure to meet the required in-service date. The need for such adversarial litigation is avoided through this joint petition. In addition, the Commission has the power to preempt time consuming and costly litigation regarding any dispute that may be raised by WFEC regarding ECS's choice of Gulf Power as its electric supplier. This power of the Commission is not only inherent to Section 366.03, Florida Statutes which requires public utilities such as Gulf Power to provide electric service to any applicant upon terms as required by the Commission, but is also contemplated by Section 366.04(2)(e), Florida Statutes, which provides the Commission with authority to resolve on its own motion any territorial dispute involving service areas between and among rural electric cooperatives, and other electric utilities under the Commission's jurisdiction.

15. As in the case before the court in Gulf Coast Electric Cooperative v. Clark, 674 So.2d 120 (Fla., 1996), there has not been nor will there be any uneconomic duplication of existing facilities belonging to either WFEC or AEC if Gulf Power is allowed to honor the request of ECS that Gulf Power provide electric service to the new electric motor driven compression equipment to be located at Station 13a. There has not been any "race to serve" by

Gulf Power. As a result, the Customer's preference for electric supplier should be the controlling factor to be considered by the Commission in this case as it ultimately was in the case of the new prison built in Washington County decided by the Florida Supreme Court in Gulf Coast.

CONCLUSION

16. Timely resolution of any uncertainty through the issuance of the requested declaratory statement is consistent with meeting the interrelated needs of ECS for timely provision of electric service and Gulf Power's general body of customers who will be served by the new generation provided by Smith Unit 3 that will be served by the expanded natural gas pipeline capacity to which the new electric motor driven equipment operated by ECS is to be an integral component. An order by the Commission setting forth the declaration requested herein allows the petitioners to move forward with the project in a timely manner without the financial and regulatory uncertainty that would exist if the question raised by WFEC's threat of litigation is either left unresolved or is pursued through a territorial dispute. Consistent with the policy against further uneconomic duplication of generation, transmission and distribution facilities, ECS has chosen the only electric supplier with existing facilities adequate to serve the Customer's electric load in close proximity to the Customer's site. As the only public utility providing electric service in Washington County, Gulf Power is obligated under Section 366.03, Florida Statutes to provide electric service to ECS consistent with the Customer's request for electric service for the following reasons:

- ECS is a new customer whose electric service requirements constitutes new electric load not currently being served in Washington County, Florida;
- the reliability requirements of ECS are such that the most reasonable means of providing

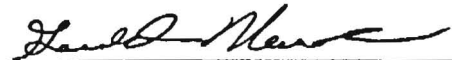
the requested electric service is from a new substation fed from a networked 230 kilovolt electric transmission system;

- the proposed new substation and related 230 kilovolt transmission line tap would not constitute duplication of any existing electric transmission or distribution facilities in Washington County;
- in order to meet its service obligation to FGT, ECS needs to be capable of receiving the requested electric service for purposes of testing the new electric motors by February 1, 2002;
- Gulf Power owns and operates the only existing 230 kilovolt transmission system in Northwest Florida, including Washington County;
- Gulf Power has worked with and continues to work with the Customer in an effort to meet its requested in-service date for the new electric service facilities.

Under the relevant case law, there has been no “race to serve” nor will there be uneconomic duplication of existing facilities; therefore, the Customer’s preference of electric supplier is controlling in this case. Given the instrumental role played by Gulf Power in facilitating ECS bringing this new electric load to Washington County, and Gulf Power’s 75 years of history providing electric service to customers within Washington County, the Commission should grant the joint request of the Petitioners and issue the declaration sought herein.

WHEREFORE, Enron Compression Services Company and Gulf Power Company jointly request that the Commission declare that the Customer's request for electric service from Gulf Power is controlling in this case and, pursuant to that request, Gulf Power is both obligated and entitled to furnish ECS with electric service pursuant to the rates, rules, regulations and other statements set forth in Gulf Power's Tariff for Retail Electric Service on file with and approved by the Commission, or grant similar other relief as is just and reasonable consistent with this joint petition.

Respectfully submitted this 26 day of February, 2001.



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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Territorial Dispute
Between West Florida Electric
Cooperative Association, Inc.
and Gulf Power Company in
Washington County, Florida.

DOCKET NO. 010441-EU

DEPOSITION OF: M. W. HOWELL

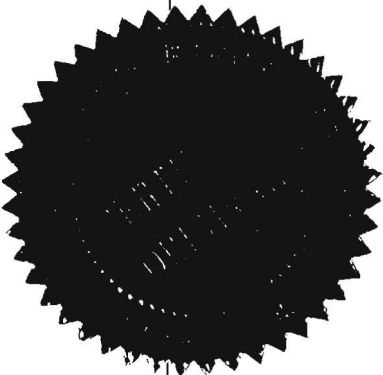
TAKEN AT THE INSTANCE OF: West Florida Electric
Cooperative Association

PLACE: Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Room 154
Tallahassee, Florida

TIME: Commenced at 10:06 a.m.
Concluded at 10:04 a.m.

DATE: September 6, 2001

REPORTED BY: MARY ALLEN NEEL, RPR
Notary Public, State
of Florida at Large



ACCURATE STENOGRAPHY REPORTERS, INC.
100 SALEM COURT
TALLAHASSEE, FLORIDA 32301
(850) 878-2221

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EU EXHIBIT NO. 7
COMPANY/
WITNESS: Howell
DATE: 9-19-01

APPEARANCES:

JOHN H. HASWELL, Chandler, Lang, Haswell & Cole,
P.A., 211 N.E. First Street, Gainesville, Florida
32601, on behalf of West Florida Electric Cooperative
Association, Inc.

RUSSELL A. BADDERS, Beggs & Lane, 3 West Garden
Street, Pensacola, Florida 32501, on behalf of Gulf
Power Company.

MARLENE STERN, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850, on behalf of the Commission
Staff.

ALSO PRESENT:

T. S. ANTHONY
JIM BREMAN
GARY CLARK
ELISABETH DRAPER
DANIEL LEE
JEFF PARRISH
T. S. SPANGENBERG
DAVID WHEELER

I N D E X

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing is not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

1 Thereupon,

2 M. W. HOWELL

3 appeared as a witness and, after being duly sworn by
4 the court reporter, testified as follows:

5 EXAMINATION

6 BY MR. HASWELL:

7 Q Good morning, Mr. Howell.

8 A Good morning.

9 Q My name is John Haswell, and as you've
10 heard from being present during Mr. Anthony's
11 deposition, I represent West Florida Electric
12 Cooperative Association in this case before the
13 Florida Public Service Commission. And if I ask you
14 any question you don't understand, I would appreciate
15 it if you would stop me and ask me to explain it.
16 Will you do that for me?

17 A I surely will.

18 MR. BADDERS: I guess for the record we'll
19 go ahead and say the same stipulations will
20 apply for this as we made in the first
21 deposition, and the same will be true for the
22 next. We'll reserve reading and signing.

23 MR. HASWELL: Right. That's correct.

24 BY MR. HASWELL:

25 Q You're the same M. W. Howell who filed

1 direct and rebuttal testimony in this case, are you
2 not?

3 A Yes.

4 Q Do you have any changes or corrections to
5 that testimony before the hearing on September 19th?

6 A Not at this time.

7 Q Do you anticipate there will be?

8 A No. If we find some, we're going to
9 correct them, though.

10 Q On page 2, line 20 of your testimony, you
11 indicate that you are going to address the technical
12 character of the electric load. What does technical
13 character mean?

14 A What line and page did you say?

15 Q Page 2, line 20.

16 A What I meant in that context was the
17 physics involved.

18 Q You're talking to a lawyer, not a physics
19 major.

20 A Did you ever take high school physics?

21 Q Oh, I did.

22 A Well, that's what I'm talking about, the
23 physics, which have to do with the way the electric
24 systems responds, what happens when you have certain
25 loads and certain conditions on the electric system,

1 what the customer deems as the allowable limits of the
2 service, that type of thing. It was to differentiate
3 it from Mr. Anthony's testimony that addressed what I
4 would call non-technical items.

5 Q Okay. So how did you determine the physics
6 of this service?

7 A Well, we had the technical characteristics
8 of the load provided to us. We ran it through our
9 models and determined what it would take to serve the
10 load.

11 Q Okay. So you -- who provided that
12 information to you?

13 A Well, I don't remember. It might have been
14 Mr. Anthony, or it might have been somebody else, but
15 it was provided to us from ECS. And I don't know the
16 lineage of who all it passed from, but it eventually
17 got to us.

18 Q Mr. Anthony did mention the kinds of
19 information, voltages, starting voltages, and other
20 characteristics. Is that the same kind of information
21 that he referred to that you got from ECS to make your
22 determination?

23 A Yes, except as I said earlier, I didn't get
24 it from ECS. It came from somebody in Gulf Power. It
25 started at ECS, and through an unknown route to me, it

1 finally got to us.

2 Q What kind of data would you need to make a
3 determination of the technical characteristics of this
4 load?

5 A I would need to know the full load, the
6 electrical characteristics of the load, the starting
7 characteristics of the load, the allowable voltages
8 during running and starting of the customer.

9 Q That's it?

10 A Well, that's information we would need from
11 them. We have a great mighty host of information in
12 our models that we also utilize.

13 Q So based on the information they gave you,
14 you would run a model. That's a computer program?

15 A Yes.

16 Q And all the data you would need from ECS,
17 could that be contained on one sheet of paper?

18 A Yes.

19 Q But what would your model -- I mean, what
20 kind of report would you get out of your model? Would
21 that be one sheet of paper, or would that be some kind
22 of a study that you do?

23 A Well, I think we furnished you all in the
24 PODs reams of paper that came out of the models. So
25 there may be certain pages of greater interest to us

1 than others, but reams of paper, reams of information
2 come out of the model.

3 Q And was it important for Gulf that you have
4 sufficient information from Enron to be able to run
5 those studies?

6 A Yes.

7 Q And if you didn't get the information from
8 them, you couldn't have run the studies?

9 A Well, I don't know what you mean by run the
10 studies. We could have made assumptions based on our
11 understanding of what was to be provided. You like to
12 get the best data you can. So I'm not saying we
13 couldn't have run the studies. I'm just saying we
14 received the information we needed, and we ran the
15 study with that input.

16 Q You indicated that these motors will be
17 15,000 horsepower. Our information is that they're
18 12,000 horsepower with a 125% override capacity. Do
19 you know which way those are? Are they 12,000, or are
20 they 15,000?

21 A My information is that they're 15,000
22 capacity horsepower.

23 Q Standard boilerplate?

24 A There's no such thing as a standard 15,000
25 horsepower motor.

1 Q I mean, the rating on this particular one,
2 the normal operating character is 15,000 as far as you
3 know?

4 A That's our understanding.

5 Q You also indicated that they will start
6 across the line. Again, for a nonphysics major, what
7 is does across the line mean?

8 A It means you tie through electric
9 conductors the terminals -- do you know what I mean by
10 the terminals of the motor?

11 Q Yes.

12 A Okay. You tie the terminals of the motor
13 directly to the low-side terminals of the transformer
14 and close the breaker.

15 Q So it starts at what you call a full load?

16 A No.

17 Q So how does it start?

18 A Across the line. When you close the
19 breaker, you apply voltage to the terminals of the
20 motor, which results in electric energy being turned
21 into mechanical energy, and it turns the motor, and
22 the motor starts.

23 Q Okay. Are there other ways to start motors
24 besides across the line?

25 A How are there other ways?

1 Q Are there other ways?

2 A Yes, there are.

3 Q Is one of those called soft start?

4 A I have heard that term. It is not a
5 technical term.

6 Q What would you describe as a soft -- what
7 would you use?

8 A You would use what's called a reduced
9 voltage starter.

10 Q Did you all consider --

11 A You can also use a pony motor.

12 Q A what?

13 A Pony, p-o-n-y, pony motor.

14 Q What's a pony motor?

15 A A pony motor is a very low capacity motor
16 in terms of total horsepower compared to the motor
17 it's starting, and it has just enough power to get the
18 big motor running at roughly full load speed. So
19 you've got it going at full load speed, and you then
20 apply voltage to the large motor, and you don't have
21 all the starting requirements that you normally would,
22 because the motor already has some rotational energy
23 to it. That's a pony motor start.

24 Q All right. To what extent did Gulf --

25 A There are other ways too. I don't know if

1 you want to go into all that.

2 Q Let's just start with these two.

3 A Okay.

4 Q On the reduced voltage, what we call soft
5 start, and you say it's reduced voltage, to what
6 extent did Gulf study that method of starting these
7 two 15,000 horsepower motors?

8 A I don't know what you mean by study. It
9 was my information the customer wanted to start it
10 across the line, and that's the model we ran. I don't
11 know who did what else.

12 Q So as far as you know, Gulf Power did not
13 look at a soft start?

14 A As far as I know, I don't know if they did
15 or didn't.

16 Q Who would know if they did?

17 A Mr. Anthony might.

18 MR. BADDERS: Let's go off the record.

19 (Discussion off the record.)

20 BY MR. HASWELL:

21 Q So, Mr. Howell, as far as you're concerned,
22 though, you didn't do anything for Gulf on evaluating
23 a soft start scenario?

24 A I'm not aware that we did.

25 Q On page 4, line 24, you refer to ECS paying

1 an additional fee to have Gulf install a dedicated
2 spare transformer. Do you know what that fee is, or
3 is that getting into --

4 MR. BADDERS: That would be confidential,
5 and we cannot provide that in this setting, so
6 I'll instruct the witness not to answer that.

7 BY MR. HASWELL:

8 Q Again, subject to Mr. Badders' objection,
9 it's going to be owned by ECS or owned by Gulf, the
10 spare transformer?

11 A Gulf.

12 Q And without getting into confidential
13 objections, there is some mechanism for Gulf to
14 recover the expense of owning that transformer?

15 A Is that a question?

16 Q Yes.

17 A Yes.

18 Q On page 5, line 16, you refer to the other
19 customers in the area. Whose other customers are you
20 talking about?

21 A Page 5, line 6?

22 Q Line 16.

23 A Line 16. I'm sorry. And would you repeat
24 the question now that I understand where you are?

25 Q You referenced the other customers in the

1 areas around Station 13A. Whose customers are those?
2 what do you mean by other customers?

3 A Other electric customers of Gulf Power and
4 of West Florida.

5 Q So you're referring to both utilities?

6 A Yes.

7 Q Okay. On page 5, lines 23 to 25, there's a
8 question and answer there where you indicate that --
9 well, in answer to the question, could Gulf provide
10 service directly to any other customer from those
11 facilities, you say no. My question to you is, Gulf
12 Power could serve other customers if Gulf installed
13 the right equipment; would that be true?

14 A Well, I'm not sure if that is indicating
15 that we're installing the wrong equipment. I was
16 really answering the question, and the question was,
17 could Gulf provide service directly to any other
18 customer from the facilities being installed, and the
19 facilities being installed are adequate. They are of
20 the right kind. But with that, I'm not sure that I
21 understand your question.

22 Q My question is this. I understand what
23 your answer is there.

24 A All right.

25 Q Could Gulf serve other customers by adding

1 additional equipment to what is going to be installed
2 to serve ECS?

3 A That's what lines 1 and 2 of page 6 say,
4 yes. Gulf would be required to install additional
5 transformer and substation equipment.

6 Q And then in your next sentence there on
7 page 6, you indicate that Gulf has no plans or
8 intention to serve any customers other than ECS. What
9 would it take to change Gulf Power's plans or
10 intention?

11 MR. BADDERS: I believe that calls for
12 speculation on the part of the witness.

13 MR. HASWELL: Objection noted. He has said
14 they have no plans, and I'm asking him what it
15 would take to change that.

16 A Well, right now we're not aware of any
17 other customer that we need and want to serve. If
18 that would change in the future, it would change. But
19 at this point, as I said, we have no plans or
20 intention to serve any customers other than ECS at
21 this time.

22 Q But if a customer came along in the general
23 vicinity of your transmission line extension and
24 requested service from Gulf, would you consider it?

25 A We would consider it.

1 Q So your statement that you have no plans or
2 intention is not a statement that you would never
3 serve anybody off that facility?

4 A Correct. well, never serve anybody off
5 that what? I'm sorry.

6 Q The facilities that you're extending, that
7 you have to add a spare -- additional transformer and
8 substation equipment.

9 A well, I don't think we would ever serve
10 anybody off the facilities we're installing to serve
11 ECS. Okay?

12 Q I understand that. You've made that
13 clear.

14 A All right.

15 Q what I'm saying is, if a customer came
16 along in the general vicinity of that area and
17 requested service, you would consider serving them by
18 adding additional equipment; is that correct?

19 A We would consider it, yes.

20 Q On page 3, line 15, of your rebuttal
21 testimony --

22 A Give me a minute to turn to that. I
23 believe you said page 3, line 15; is that correct?

24 Q Yes.

25 A All right.

1 Q Okay. You refer to, on line 18 there, the
2 inadequacy of their request. Could you tell us what
3 was inadequate about AEC's request, or was that
4 something someone else told you?

5 A It was something someone else told me.

6 Q You don't know personally that the request
7 was inadequate?

8 A Well, I looked at it at the time, and I
9 don't recall exactly what it was. But there are
10 certain requirements that have to be -- information
11 that has to be provided, and they did not provide all
12 of that in their request. And it has been a while
13 since I looked at it, but it is my recollection that
14 it was inadequate.

15 Q Would there be any scenarios that you can
16 think of or situations why someone might not have
17 adequate information to furnish with a request?

18 A I'm sorry. Could you repeat that, please?

19 Q Okay. Can you think of any situation where
20 a request would be inadequate because, for instance, a
21 customer did not furnish you with the information to
22 make an adequate request?

23 A Oh, yeah. They just fail to fill out the
24 form.

25 Q I mean the customer being ECS.

1 A well, ECS is not requesting transmission
2 service.

3 Q what would it take --

4 A Are you talking about a customer -- earlier
5 you were talking about transmission service, and the
6 customer would be AEC, a transmission service customer
7 of Southern. And that's what I assumed you were still
8 talking about, a customer filling out a request for
9 transmission service. And I think I misunderstood
10 your question, so if you'll restate it, I'll try to
11 understand it better and give you a more correct
12 answer. All right?

13 Q Okay. If the end-use customer, retail
14 customer did not give --

15 A For example, ECS.

16 Q For example, ECS.

17 A All right.

18 Q Did not give AEC or West Florida sufficient
19 information on starting motor data, all the physical
20 stuff you mentioned to me earlier, could that result
21 in an inadequate request by AEC to Southern?

22 A It could.

23 Q Do you know if there's anything that the
24 Southern Company needs from AEC to determine whether
25 AEC has met the requirements to provide the

1 transmission service?

2 A I believe they have finally provided what
3 we need, and we're in the process of evaluating the
4 request. And we have repeatedly assured them that if
5 the Commission finds that Gulf will not serve this
6 customer and AEC requests transmission service, that
7 if they satisfy the FERC-dictated requirements of the
8 tariff, we'll provide the service. Is that responsive
9 to the question?

10 Q Yes, sir. And following up on that, do you
11 know of anything that would prevent AEC from
12 satisfying the requirements of the transmission
13 tariff?

14 A Do I know of anything that would, or that
15 is expected to, or --

16 Q Yes.

17 A Yes. They could just fail to satisfy the
18 terms of the tariff, and therefore they don't qualify
19 for the service.

20 Q well, to your knowledge right now, do you
21 know of anything where AEC has failed to satisfy the
22 requirements or is likely to?

23 A It's my understanding that they have
24 finally provided the necessary information to process
25 the request, and Southern is in the process of

1 processing the request.

2 Q Understand why I'm asking the question,
3 because you -- in answer to the question, is Southern
4 willing to provide transmission service to AEC -- this
5 is your own testimony. You answered yes, but the
6 hedge is, if AEC satisfies the requirements of the
7 transmission tariff. The point of my question is, do
8 you have any reason to believe that AEC cannot satisfy
9 those requirements?

10 A Well, there's no doubt in my mind they can.
11 They can satisfy those requirements. And if they do
12 and it's requested, they will be provided the
13 service.

14 Q Do you know if there were any discussions
15 between Gulf and ECS about using different motors or
16 other motors for this compression facility?

17 A Yes.

18 Q Can you tell us what other brands or types
19 of motors were considered?

20 A What other what?

21 Q Types or brands of motors that --

22 A Brands. I have no idea about brands, but
23 they were -- well, you said motors. I'm sorry.
24 Repeat that question. Other types of motors?

25 Q Yes.

1 A I'm not aware of any discussions about
2 other types of motors, no.

3 Q I thought earlier you said --

4 A I thought you said other ways to provide
5 the compression services, other compressors.

6 Q okay. Let's go with that one.

7 A I am aware that they were considering gas
8 powered compressors as well as electric motor driven
9 compressors.

10 Q And what you're saying is that there was no
11 consideration of using reduced voltage or soft start?

12 A I have no idea what they might have looked
13 at. That's not what they provided to me to analyze.

14 MR. HASWELL: Excuse me. Could I just take
15 one moment?

16 (Short recess.)

17 BY MR. HASWELL:

18 Q I just have a few more questions,
19 Mr. Howell. Would Gulf Power be capable of serving
20 other customers out of the same substation that is to
21 be constructed to serve ECS utilizing the additional
22 transformer that ECS has contracted with Gulf to
23 provide?

24 A No.

25 Q And can you explain to us why that would be

1 true?

2 MR. HOWELL: I don't know if it's going to
3 get into confidential or not.

4 MR. SPANGENBERG: No, that's okay.

5 A To respond to your question, this
6 transformer is a dedicated spare transformer. ECS is
7 paying the cost of it. We own it, but they're paying
8 the carrying costs on it. And they would be foolhardy
9 and incredibly stupid to let us subject that
10 transformer to damage by serving other customers when
11 they're paying the full cost to have it available if
12 the primary transformer fails.

13 Q Okay. Let me rephrase my question.
14 Whether that's an agreement that you have with ECS
15 that it will remain a dedicated spare transformer,
16 from an engineering, physical standpoint, could it be
17 used to serve other customers?

18 A No. It's not available, so you can't serve
19 customers from something that's not available.

20 Q And it's not available because of a
21 contract?

22 A That's right.

23 Q If the contract weren't there, if there was
24 no contract on what to do with that spare transformer,
25 could it be used to serve other customers?

1 A No.

2 Q And tell me why.

3 A It wouldn't be there.

4 Q Let's assume it is there. With the spare
5 transformer in that substation, could it be used to
6 serve other customers?

7 A Okay. The assumption is that there's a
8 spare transformer in that station.

9 Q Yes.

10 A Could it be used to serve other customers?
11 It's not a dedicated spare.

12 Q That's correct.

13 A No, it could not.

14 Q It couldn't serve other customers?

15 A Correct.

16 Q Tell me why.

17 A We don't serve customers with spare
18 transformers. They are spares. If it starts serving
19 customers, it's no longer a spare.

20 Q Okay. Let's use the words "additional
21 transformer." Well, let me just ask you this,
22 Mr. Howell. You're saying that under no circumstances
23 could the addition of a transformer to that substation
24 ever be capable of serving anybody else?

25 A No, I didn't say that.

1 MR. BADDERS: I'll object. That's not --
2 that is a mischaracterization of his testimony.

3 THE WITNESS: That's not what I said.

4 BY MR. HASWELL:

5 Q I'm asking you if that --

6 A That's not what I said. I didn't say that.

7 Q Could you give me an example of how adding
8 an additional transformer could be used to serve other
9 customers?

10 A From that station?

11 Q Yes.

12 A Well, I'm not sure. First of all, we would
13 have the right to -- that's something we would have to
14 see, since it is a customer substation. But from a
15 physics standpoint, you could add a transformer and
16 whatever other facilities are necessary to implement
17 the transformer as a part of the system and serve
18 other customers from that.

19 Q Okay. I don't know if I asked you this
20 question. Who is going to own the substation that's
21 to be providing service to ECS?

22 A Define substation for me.

23 Q I have at this point no concept of it,
24 because you guys are building it.

25 A We will own all of the facilities inside

1 the station. I don't know who's going to own the
2 land. We'll either own the land or have an easement
3 or other legal permission with them.

4 Q So ECS will not own the substation?

5 A That's correct.

6 Q I'm sorry. I thought I heard you say
7 customer substation earlier, but I could be wrong.

8 A I did. It's a customer substation, but
9 that doesn't mean it's owned by the customer. It
10 means it's serving the customer.

11 Q Does Gulf decide whether or not AEC gets
12 transmission service, or is it the Southern Company?

13 A FERC decides.

14 Q So the request that AEC makes has to go to
15 FERC?

16 A The request that AEC makes goes to Southern
17 Company Services, which is the agent for the operating
18 company. And we have a filed tariff with FERC, and if
19 they meet the conditions of the FERC-dictated tariff,
20 they do get service under the tariff. If they don't,
21 they don't, because FERC has these conditions that are
22 required for transmission service. Whether Gulf wants
23 to give or wants not to give service is immaterial.
24 Whether Southern Company Services wants to give or
25 wants not to give is immaterial. If they satisfy the

1 terms of the tariff, they get the service.

2 Q And who determines whether they satisfy the
3 requirements of the transmission tariff, Gulf Power or
4 Southern Company?

5 A Well, Gulf Power and Southern Company
6 really aren't involved. Southern Company Services
7 would review the tariff, the filing requirements, and
8 if in their judgment all the terms and conditions were
9 met, they would award the service. If in their
10 estimation they weren't, they wouldn't award the
11 service. And either party could petition to FERC and
12 say, "We've got a dispute here about whether the terms
13 are being met," and FERC would settle the dispute.

14 MR. HASWELL: I have no other questions.

15 MR. BADDERS: I believe Ms. Stern has a
16 question.

17 EXAMINATION

18 BY MS. STERN:

19 Q Just for the record, my name is Marlene
20 Stern, appearing on behalf of the Commission staff.

21 This is something that was discussed a
22 little bit earlier. We would just like some
23 clarification.

24 A Yes, ma'am.

25 Q Can the 230 kv line be used to serve other

1 customers other than ECS without detrimental effects
2 to ECS?

3 A More than likely it could. It would depend
4 on the nature of it. You could have another
5 substation off that line, and long as the load that's
6 served off of that do not cause voltage or other
7 problems to ECS, then that's what would happen.

8 MS. STERN: Okay. Thank you. That's all.


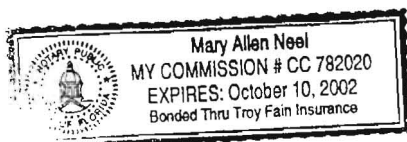
9 MR. HASWELL: You want to read and sign?

10 MR. BADDERS: We'll read and sign.

11 (Deposition concluded at 10:43 a.m.)
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1
2 CERTIFICATE OF ADMINISTERING OATH
3
4

5 STATE OF FLORIDA)

6 COUNTY OF LEON)
7
89 I, MARY ALLEN NEEL, Notary Public in and for the
10 State of Florida at Large:11 DO HEREBY CERTIFY that on the date and place
12 indicated on the title page of the foregoing
13 transcript, an oath was duly administered by me to the
14 designated witness before testimony was taken.15 WITNESS my hand and official seal this 11th day
16 of September, 2001.
1718
19 
20 MARY ALLEN NEEL, RPR
21 100 Salem Court
22 Tallahassee, Florida 32301
23

1
2 CERTIFICATE OF REPORTER
3


4 STATE OF FLORIDA)

5 COUNTY OF LEON)
6

7 I, MARY ALLEN NEEL, do hereby certify that the
8 foregoing proceedings were taken before me at the time
9 and place therein designated; that my shorthand notes
10 were thereafter transcribed under my supervision; and
11 that the foregoing pages numbered 1 through 27 are a
12 true and correct transcription of my stenographic
13 notes.

14 I FURTHER CERTIFY that I am not a relative,
15 employee, attorney or counsel of any of the parties,
16 or relative or employee of such attorney or counsel,
17 or financially interested in the action.

18 DATED THIS 11th day of September, 2001.
19
20

21 
22 _____
23 MARY ALLEN NEEL, RPR
24 100 Salem Court
25 Tallahassee, Florida 32301
(850) 878-2221

ERRATA SHEET

I have read the transcript of my deposition, pages 1 through 27, and hereby subscribe to same, including any corrections and/or amendments listed below.

9-18-01

Date _____

M. W. Howell

Signature

[illegible]

9-6-01

Date of Deposition

Many Need
porter

Reporter

(Howell)

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Territorial Dispute
Between West Florida Electric
Cooperative Association, Inc.
and Gulf Power Company in
Washington County, Florida.

DOCKET NO. 010441-EU

DEPOSITION OF: T. S. SPANGENBERG, JR.

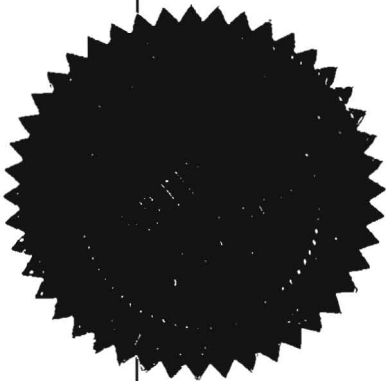
TAKEN AT THE INSTANCE OF: West Florida Electric
Cooperative Association

PLACE: Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Room 154
Tallahassee, Florida

TIME: Commenced at 10:51 a.m.
Concluded at 11:32 a.m.

DATE: September 6, 2001

REPORTED BY: MARY ALLEN NEEL, RPR
Notary Public, State
of Florida at Large



ACCURATE STENOGRAPH REPORTERS, INC.
100 SALEM COURT
TALLAHASSEE, FLORIDA 32301
(850) 878-2221

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET
NO. 010441-EU EXHIBIT NO. 8
COMPANY/ Spangenberg
WITNESS: 9-19-01
DATE: 9-19-01

APPEARANCES:

JOHN H. HASWELL, Chandler, Lang, Haswell & Cole,
P.A., 211 N.E. First Street, Gainesville, Florida
32601, on behalf of west Florida Electric Cooperative
Association, Inc.

RUSSELL A. BADDERS, Beggs & Lane, 3 West Garden
Street, Pensacola, Florida 32501, on behalf of Gulf
Power Company.

MARLENE STERN, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850, on behalf of the Commission
Staff.

ALSO PRESENT:

T. S. ANTHONY
JIM BREMAN
GARY CLARK
ELISABETH DRAPER
M. W. HOWELL
DANIEL LEE
JEFF PARRISH
DAVID WHEELER

I N D E X

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing is not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

1 Thereupon,

2 T. S. SPANGENBERG, JR.

3 appeared as a witness and, after being duly sworn by
4 the court reporter, testified as follows:

5 EXAMINATION

6 BY MR. HASWELL:

7 Q Could you please state your name and
8 occupation, sir?

9 A I am Theodore Sanders Spangenberg, Jr.,
10 otherwise known as Ted. I am the district manager for
11 Gulf Power Company for the Panama City District.

12 Q And you are the same T. S. Spangenberg who
13 has filed direct and rebuttal testimony in this
14 proceeding; is that correct?

15 A That's correct.

16 Q Do you have any changes or corrections to
17 your testimony that you expect to file or have before
18 the hearing?

19 A I think we found one typographical error on
20 page 9 of my rebuttal. On line 2, the word "right"
21 should be "rife." But otherwise, other than any
22 typographical I may not have discovered yet, I know of
23 no other errors in my testimony.

24 Q I'm sorry. What line was that?

25 A The rebuttal testimony, page 9, line 2.

1 Q Okay. Mr. Spangenberg, on page 2 of your
2 testimony, you refer to the boundaries of the disputed
3 area.

4 A Is this my direct or rebuttal?

5 Q Direct. As the, quote, confines of the
6 equipment, end quote. What do you mean by confines of
7 the equipment?

8 A I mean the physical footprint of the
9 electrical load that Gulf Power has been asked to
10 serve, that being Station 13A, those compressor
11 motors.

12 Q Have you seen Exhibit GC-5 attached to
13 Mr. Clark's testimony showing a diagram of Florida Gas
14 Transmission's Station 13 with apparently the
15 additional stuff?

16 A Yes, I have.

17 Q Where would you say Station 13A, if you
18 know, would be on that diagram?

19 A I know this won't pick up well on that
20 recording, but I would say the location here of these
21 two compressor motors.

22 Q So the two -- the diagram which apparently
23 shows two compressor motors just south of the new road
24 and west of the substation?

25 A Yes. And you could subjectively determine

1 whether you wanted to include the substation or not.
2 But since the substation is the responsibility of Gulf
3 Power Company, it would be the area here immediately
4 adjacent to the substation and adjacent to Station
5 13A. But it would be these two compressor motors.

6 Q So it's just the actual equipment that you
7 would define as the disputed area?

8 A Yes, because in this case, really what
9 you're serving is a customer rather than a big
10 geographical area. We have a customer that has
11 requested service from us which we have an obligation
12 to serve, and so that's what's being served, is that
13 customer -- or to be served, I guess.

14 Q So the customer's electric facilities is
15 what -- wherever the electricity runs through is your
16 view of where the disputed area is?

17 A Yes. In this case, it's however ECS wants
18 to define Site 13A as the facilities to be served. In
19 other words, the confines of where we expect to
20 deliver electrical service would be what's being
21 served.

22 Q Okay. So if, for example, Florida Power
23 Corporation were serving Mr. Jones on his 100-acre
24 farm at the north end where his house is, that
25 wouldn't mean that FPC was serving the whole farm?

1 A That's correct. They would be serving
2 whatever they're serving, whether it's the barn or the
3 house or whatever. In fact, there are examples where
4 you have one utility on one side of a farm or a
5 complex serving one customer, and you've got another
6 utility on the other side serving another customer or
7 load, perhaps all owned by the same entity, by the
8 same farmer, or whatever.

9 Q Well, let's just say, for example -- I'm
10 trying to understand your idea of confines of the
11 equipment and the rest of your testimony. Mrs. Jones
12 decides she wants to put an addition on the house.
13 Mrs. Jones is not a customer of Gulf Power or Florida
14 Power Corporation. Let's say FPC is serving the
15 farm. Mrs. Jones likes Gulf Power, so asks for
16 service for her addition from Gulf Power. Under your
17 scenario, she would be entitled to get service from
18 Gulf Power; is that correct?

19 A No, I don't believe that's correct.
20 Typically an addition to a house is served under the
21 same meter, through the same service entrance.
22 Therefore, it does not constitute what I call a
23 separately metered load.

24 Q Let's say she put in a separate meter, she
25 wanted a separate meter, and it was physically

1 separated from the house by three or four feet.

2 A If she asked us to serve that, and if we
3 could serve it without uneconomically duplicating the
4 facilities of another utility, we would be obligated
5 to honor that request for service.

6 Q Again, to make sure I understand this,
7 service areas of Gulf Power or your historic service
8 area would mean then, following your testimony, only
9 those areas where there are actual customer facilities
10 located, facilities that use electricity; is that
11 correct?

12 A I don't know that we have ever -- I don't
13 designate -- Gulf Power has not designated necessarily
14 a service territory. Gulf Power does not have a
15 certificated service territory. We have an obligation
16 to serve customers who request service. At the
17 wildest extreme, the only place that we would not be
18 honored or required to consider a request for service
19 would be a small area in south Walton County where we
20 have a territorial agreement with another utility
21 where they have exclusive service rights for that
22 area. But otherwise, basically, anybody in Florida
23 who comes and asks for service, we have an obligation
24 to look at that request and consider whether or not it
25 would uneconomically duplicate anybody else's

1 facilities. To do otherwise would in fact constitute
2 a division of markets, which is, of course, contrary
3 to antitrust law.

4 Q So Gulf Power's position is that service
5 areas are not property boundaries and are not
6 fenced-in areas? It's just the customer's facilities?

7 A That's correct.

8 Q Can you cite any instance where your view
9 of this particular disputed area or an example of it
10 has been approved, accepted, or adopted by the
11 Commission, i.e., a footprint of just the facilities
12 themselves?

13 A Specifically approved by the Commission?
14 Is that your question?

15 Q Has been approved, accepted, or adopted.

16 A I guess I cited one example in my rebuttal
17 testimony that I believe is a specific example of
18 that, where in fact your client, West Florida Electric
19 Cooperative, is serving one piece of a farm and we
20 were asked and provided service to another piece of
21 the farm. They're right there you might say adjacent
22 to each other. Certainly no one has objected to that
23 service, so in that sense, the Commission has allowed
24 it. In fact, your own client was a party to asking us
25 to provide that service.

1 Q And what -- well, let me just jump to
2 that. Where your rebuttal testimony is that? I must
3 have missed it.

4 A Page 9 -- no, that's not it. Give us just
5 a moment.

6 On page 3, if you'll look at the top, lines
7 1 through 9, or 2 through 9 give an example of that.

8 Q So in your view, this is an example of a
9 footprint?

10 A Yes. In that case, as I understand it,
11 West Florida Electric Cooperative actually serves the
12 house and other facilities of the farmer, which would
13 constitute the footprint for that. We were asked to
14 provide service to another load.

15 And the point here is that electric
16 utilities serve loads. They don't serve a piece of
17 dirt. They serve electrical loads.

18 Q Now, on page 2 of your direct testimony,
19 you refer to a more traditional situation. What do
20 you mean by more traditional? That means where you
21 don't use the footprint approach?

22 A No. I think even there, my reference there
23 was to a traditional thing where the footprint at that
24 point might be a collection of loads, for instance, a
25 100-lot subdivision. A developer comes in with a

1 100-lot subdivision, and he asks for service to that,
2 and perhaps that service becomes disputed. And in
3 that case, what happens is that if that development,
4 the service rights to that are awarded to one utility
5 or another, then that development might then become
6 the boundaries, because in that case it is a
7 collection perhaps of 100 different customer loads,
8 customers which then might be logically aggregated,
9 because that is a single development being put
10 together by a single developer. And each of those
11 customers in that development then would automatically
12 know because of the convenience provided by that
13 developer which utility they should go to to request
14 service.

15 Q So in that case, it would be a geographic
16 area that you would agree would be the service
17 territory?

18 A Yes. And in that instance, any electrical
19 load, to the extent that equipment sits on a specific
20 area, you could reduce to in fact an area. We could
21 come up with some parameters. We could do a survey
22 here of this and actually define an area. It would
23 still be the footprint of where that load is located.

24 Q Do you know whether West Florida serves an
25 end-use customer within the geographic area of the

1 property owned by Florida Gas Transmission where you
2 say that Station 13A will be located?

3 A Is your question relative to the entire
4 property owned by Florida Gas Transmission?

5 Q Correct.

6 A Yes, I believe there is a customer, a
7 separate customer on that property, that customer
8 being Florida Gas Transmission Station 13 that is in
9 fact receiving electric service from West Florida
10 Electric Cooperative.

11 Q And on this diagram, Station 13 would be
12 everything except these compressors?

13 A No, it would not be everything except
14 these compressors. It would then in that case be the
15 confines here of this equipment where it says existing
16 reciprocating compressors, and then they have this
17 utility building, and I believe all that is under a
18 single meter. So you would logically aggregate this
19 load into the confines of where those electric loads
20 are located as a single customer.

21 Q Now, earlier you said that the footprint of
22 Station 13A would be -- or the disputed area, excuse
23 me, would be these compressors here.

24 A Yes.

25 Q So what about the area that you have not

1 included in your diagram? would that not be part of
2 any service area?

3 A No, because there are no customers there
4 receiving service of any type that I'm aware of.

5 Q So you don't know whether anybody is
6 providing electricity to any of this area?

7 A In fact, my own field survey says that
8 there is no electric consuming equipment there.
9 That's no metered service to any of that. Most of it
10 is bare ground.

11 Q All right. On page 3, line 23, you refer
12 to some facilities that are in close proximity or
13 immediately adjacent. would you agree that those
14 facilities are actually immediately adjacent to
15 station 13?

16 A well, I'm not sure that I would agree with
17 that. It depends on how you want to define
18 immediately adjacent, where you want to draw these
19 boundaries. Both for practical purposes, I will agree
20 that they are adjacent to each other.

21 Q What does Florida Gas Transmission do at
22 station 13?

23 A I'm not familiar with all their operations
24 exactly. I know that I saw gas monitoring equipment,
25 pressure gauge equipment. I saw maintenance shop

1 facilities where they were working on pipeline
2 equipment, those types of things. Their maps indicate
3 some gas powered reciprocating compressors that they
4 would use to compress gas, using natural gas as a fuel
5 to operate those.

6 Q would you say that Station 13A is a
7 compression facility of Florida Gas Transmission?

8 A No, sir, I would not. Station 13A is a
9 compression facility operated by ECS.

10 Q I'm sorry. Station 13 is a compression
11 station of Florida Gas Transmission?

12 A Station 13, yes, I would say is a
13 compression station of theirs, as I said earlier,
14 fueled by natural gas.

15 Q You heard the testimony of Mr. Howell
16 earlier about whether or not Gulf Power would use any
17 of the facilities constructed to serve Station 13A.
18 Did you hear that testimony?

19 A Yes, sir, I did.

20 Q Do you agree with that what he said?

21 A One thing that I heard him fail to mention
22 is that you do have to check for service
23 characteristics. For instance, if in fact you did add
24 all the necessary equipment you would have to add to
25 serve additional customers -- and it would be a

1 substantial amount of equipment, because you're
2 talking about an entire additional distribution
3 transformer, breakers, protective devices -- the other
4 thing that you would have to watch for, because of the
5 -- depending on the proximity of this additional
6 transformer to the one that would be used to serve
7 13A, you know, we are talking some voltage dips here
8 upon starting of the compressor motors.

9 I don't think it was an oversight of
10 Mr. Howell. He just didn't go to that detail. You
11 would have to make sure that the voltage dip at the
12 230 line at that point right adjacent, you know, where
13 it serves -- the transformer serving Station 13A, make
14 sure that the voltage dip on motor starting was not
15 such that it gave an improper, too poor a quality of
16 service to any other customer being served right at
17 that same point off of the 230 line.

18 The further away you get from that point of
19 service along the 230 -- and this gets back to
20 Ms. Stern's question. The further away you get from
21 that tap point, then the less susceptible you are to
22 those voltage dips.

23 Q But generally, Mr. Howell agreed that with
24 the addition of the right equipment, you could serve
25 other customers off that line.

1 A Absolutely, or anywhere else along that 230
2 line, or anywhere else in our 230 kv system.

3 Q You also refer in your direct testimony to
4 Gulf Power having done, quote, all the work.

5 A Would you point me to that, please?

6 Q Page 5, line 15.

7 A Yes, I see that.

8 Q Okay. Is it your view that west Florida
9 knew all along what was going on between 1996 and 2000
10 between ECS and Gulf?

11 A I have no knowledge of everything that west
12 Florida knew or was aware of during that time frame.
13 I am aware of information that west Florida had as
14 early as 1995 relative to the prospects for electric
15 compression equipment being located in this general
16 area.

17 Q Do you know whether Enron or ECS just
18 terminated discussions, or was it west Florida that
19 terminated discussions regarding service by west
20 Florida?

21 A I have no knowledge of that. That was
22 transactions between ECS and west Florida.

23 Q Do you have any direct personal knowledge
24 that west Florida ever expressed a lack of interest or
25 in fact told ECS that they were not interested in

1 serving this load at 13A?

2 A I would have no personal knowledge of that.

3 Q would you agree that both west Florida, and
4 with its power supplier, AEC, as well as Gulf Power,
5 have adequate capabilities to extend service to ECS?

6 A I hesitate here because of my reservations
7 concerning the abilities of west Florida. But through
8 AEC, yes, I believe that they're competent to be able
9 to extend those facilities and provide that service.

10 Q On page 6, line 11, you refer to ECS's
11 right to choose its electric supplier. Can you tell
12 us the basis for that statement?

13 A My basis for that statement is that here we
14 have a facility to be built with certain electrical
15 requirements, and given that any utility that wanted
16 to serve in that area would have to construct
17 essentially the same facilities, in fact, connect to
18 Gulf Power's line in order to serve it, that
19 establishes up front that there would be no uneconomic
20 duplication of facilities, and in fact, no duplication
21 of facilities. Therefore, ECS is provided the
22 opportunity to make a choice of electric suppliers.

23 Q So your determination is that the only
24 criteria that should be considered in determining
25 whether a customer has a choice is whether or not

1 there would be an uneconomic duplication of
2 facilities, and if there's not, the customer can
3 choose?

4 A No, I would not make that blanket
5 statement. I would say that that is the principal
6 consideration, because that is the whole concept of
7 establishing regulated monopolies to provide electric
8 utility service.

9 Q What would be other considerations besides
10 the principal one?

11 A I guess you would look too at what the
12 capabilities of the utility would be to serve it, you
13 know, is this utility accustomed to operating the type
14 of transmission and substation equipment that I would
15 need or that the customer would need, have they
16 demonstrated the ability to do that in the past, does
17 the utility currently own substations that serve
18 customers of similar size and magnitude, and are they
19 familiar with operating those things, because I think
20 the Commission also has an obligation to look out for
21 whether or not the customer is going to get the
22 quality of service that they deserve.

23 Q What about the criteria stated in the
24 Commission rules regarding the settlement or
25 resolution of territorial disputes?

1 A Which one of those were you thinking of?

2 Q There's four or five of them. I don't have
3 them right --

4 A I believe those have been addressed, for
5 instance, the capability of the electric service,
6 reliable electric service, which I think I just spoke
7 to.

8 Q My question really is, Mr. Spangenberg, do
9 those criteria play any role in determining who gets
10 to serve a site besides your principal one of
11 uneconomic duplication?

12 A Yes. That's why they are listed in the
13 Commission rules, and that's why the Commission rules
14 speak to the cost of each party to serve it, the
15 nature of the disputed area. I do believe those play
16 a role, because in fact there are some situations in
17 which if the nature of the area is a certain type, a
18 rural electric cooperative would be prevented from
19 serving the area, regardless of whether or not they
20 would be uneconomically duplicating anybody else's
21 facilities.

22 Q Okay. When did Gulf Power Company inform
23 ECS that West Florida might dispute ECS's request for
24 service from Gulf Power?

25 A I'm sorry. Ask that question again. When

1 did --

2 Q When did Gulf Power inform ECS that West
3 Florida might dispute ECS's request for service from
4 Gulf Power?

5 A I have no knowledge if we informed them or
6 when that would have been.

7 Q So to your knowledge, Gulf Power did not
8 say anything to ECS about West Florida may object to
9 this service?

10 A I have no personal knowledge of if or when
11 such a statement would have been made. I think it's
12 logical to consider, knowing the nature of relations
13 in the past between utilities, and knowing that in
14 fact once ECS had made a selection -- and think about
15 the timetables in which ECS needed to have service and
16 the time frame to get facilities constructed. I hope
17 that we would have advised ECS of all elements that
18 might be a factor in the timetable for getting them
19 service, one of which might have been and in fact was,
20 you know, West Florida's filing a dispute.

21 Q Prior to West Florida's filing a dispute,
22 do you know whether or not Gulf Power ever informed,
23 warned, or cautioned ECS that there might be
24 disagreement by West Florida over service to this
25 site?

1 A No, I have no specific or personal
2 knowledge of that.

3 Q Would you describe this area, the
4 geographic area around Station 13A as rural?

5 A The area around Station 13A, yes, I would
6 describe it as rural, with the exception of Station
7 13. You might characterize that as, in fact,
8 industrial. But otherwise, outside of 13 and 13A,
9 yes, I would very much agree. In fact, I believe my
10 testimony characterizes it as rural.

11 Q Station 13A is an industrial site, in your
12 view?

13 A Yes. I believe by anybody's definition --
14 I believe there's actually a standard industrial
15 classification that we would use for natural gas
16 facilities, gas pipeline facilities, that type of
17 thing.

18 Q Who serves Station 13?

19 A Station 13, the electric service for
20 Station 13, including, now, as I said earlier, the
21 maintenance barn and things like that for Florida Gas
22 Transmission, is served by West Florida Electric
23 Cooperative.

24 Q You're not suggesting by your testimony
25 that there's a prohibition against electric

1 cooperatives serving industrial sites, are you?

2 A Yes, I am suggesting that there are
3 prohibitions to certain types, not necessarily to
4 industrial sites, but I believe to urban centers or
5 those that might be classified as urban centers. I
6 believe that the State Constitution in the social
7 welfare provisions, Chapter 425, prohibits or at least
8 does not allow -- it does not provide an allowance for
9 rural electric cooperatives to serve those types of
10 areas. I believe it's with a population of greater
11 than 2,500. And as I said in my testimony, you
12 correlate that load size to what we have here, and I
13 think you could raise a reasonable presumption that
14 certainly state law and public policy would frown upon
15 a rural electric cooperative serving that size load,
16 at least under Florida law.

17 Now, Station 13 is a much smaller facility.
18 It's only 159 kilowatts, which is minute compared to
19 Station 13A. So, no, I'm not suggesting that would be
20 prohibited from serving 13A.

21 Q Are there 2,500 customers in close
22 proximity to Station 13A?

23 A Not how I would define close. Some might
24 define close -- in the grander scheme of things, if
25 you want to take in the three urban centers that are

1 close to Hinsons Crossroads, then, yes, you have
2 greater than 2,500 customers, but not where I have
3 defined the disputed area.

4 Q And this disputed area is not inside the
5 municipal limits of any city; is that correct?

6 A Not that I'm aware of, no, sir.

7 Q And would it be fair to say that as it
8 exists right now, within a one-mile radius, two-mile
9 radius, or three-mile radius of this site, the central
10 station service that's being provided is being
11 provided by West Florida?

12 A All the customers that I'm aware of within,
13 for instance, a mile of Station 13 are in fact
14 receiving central station service from West Florida
15 Electric Cooperative.

16 Q Do you believe that West Florida's electric
17 utility rates are unregulated by the Florida Public
18 Service Commission?

19 A I believe that there are elements of their
20 rates that are not regulated, specifically rate
21 level. However, there are elements of their tariffs
22 that are regulated, such as rate structure.

23 Q What is your understanding of the rate
24 structure jurisdiction over West Florida?

25 A It's my understanding that that structure

1 jurisdiction gets into things like do you have a
2 demand charge or just an energy charge, do you allow
3 declining block rates, or those types of -- those all
4 get involved with rate structure.

5 Q What about discrimination between classes
6 of customers?

7 A It's my sense and my opinion that their
8 jurisdiction over that is a bit more limited than that
9 same jurisdiction over an investor-owned utility like
10 Gulf Power Company.

11 Q And what do you base your understanding on
12 to make that statement?

13 A My past knowledge, I guess experience in
14 working with these matters over a number of years.

15 Q Have you discussed it with the rate
16 department here at the Commission?

17 A No, I have not personally discussed it with
18 the rate department here at the Commission.

19 Q Do you know that west Florida's rates, an
20 electric cooperative's rates are submitted for
21 approval by the Commission?

22 A Yes, I am aware that they are submitted for
23 approval. How else are you going to regulate the
24 structure unless you in fact have them submitted?

25 Q So do you know that west Florida's rates

1 are actually approved by the Commission before they
2 can go into effect?

3 A I believe I have seen references to that
4 where they are approved, again, my understanding being
5 the principal focus for that approval is to look at
6 the rate structure as opposed to the rate level.

7 Q Okay. On page 12, line 24, you refer to
8 this lack of operating and customer care experience.
9 Are you basically saying that West Florida with its
10 wholesale power supplier, AEC, cannot provide adequate
11 and reliable service to Station 13A if they were
12 selected to do so?

13 A My reference in that paragraph was to West
14 Florida Electric Cooperative. And I'm aware that --
15 it's my understanding, and I believe it's good
16 information, that West Florida Electric Cooperative in
17 and of itself serves no customer anywhere near this
18 size, has no substation of its own ownership that
19 serves a singular customer like these. And these
20 types of customers and these types of substations
21 require special capabilities, and this type of
22 customer has a different perspective on what's
23 expected than someone who, along with 1,000 other
24 customers, might be served off a single substation.

25 Q But your answer if it includes AEC is that

1 they can provide adequate and reliable service
2 together; is that correct?

3 A I believe my statement earlier -- yes, I
4 believe AEC to be competent to extend these facilities
5 and provide service, particularly if they're doing it
6 off of Gulf Power's 230 line.

7 Q Do you know who proposed the use of
8 electric motors at Station 13A?

9 A I have no specific knowledge of who
10 proposed that. I hope we did, because I think it's
11 good business. It saves natural resources.

12 Q Do you know if ECS, Enron, and FGT are
13 affiliates of each other?

14 A Yes. It's my understanding -- and most of
15 this is coming from an affidavit that I filed as an
16 exhibit to my rebuttal testimony. If I remember this
17 correctly, Enron has a 50% ownership in FGT, with the
18 other 50% owned by El Paso Energy. And then ECS I
19 believe to be, if I remember correctly, a fully owned
20 subsidiary of Enron. So there is somewhat of an
21 affiliate relationship, particularly with the 50%
22 ownership limitation there.

23 And then, of course, they're affiliated by
24 the fact that FGT is a customer of ECS, because ECS is
25 selling compression services to Florida Gas

1 Transmission, so that makes them affiliated through a
2 business relationship also.

3 Q On page 11 of your testimony, your direct
4 testimony, you refer to discriminatory rate setting
5 practices by West Florida Electric. Can you cite us
6 an example of a discriminatory rate setting practice
7 by West Florida?

8 A Would you point me to that line? Oh, I see
9 it here. Okay.

10 I believe what I cited there in my
11 testimony was a hypothetical business risk that ECS
12 would in fact face should there be an undue cost
13 burden or a discriminatory cost burden placed upon an
14 industrial customer, in fact, a very large customer,
15 at the --

16 Q Well, my question really wasn't
17 hypothetical.

18 A Okay.

19 Q Do you know of any discriminatory rate
20 setting practices ever conducted by West Florida
21 Electric?

22 A No, I am not specifically aware of any.

23 Q Are you aware of any cooperative being
24 accused of and being found guilty of discriminatory
25 rate setting practices?

1 A In the faintness of some of my memory
2 cells, I believe particularly in other state
3 jurisdictions, there have been allegations and charges
4 of that. Now, whether or not the adjudication was
5 finalized I do not know for certain, so I need to
6 answer no. I don't specifically recall an instance of
7 where they were found guilty of that.

8 Q Do you know whether AEC serves any
9 customers as large or larger than this particular load
10 would be?

11 A If my memory serves me correctly, they have
12 one customer that's a very large customer, a large
13 paper mill, 100 megawatts or something like that, that
14 would be larger than this customer.

15 Q And does Gulf Power serve any customers
16 that are 100 megawatt loads?

17 A 100 megawatt? Single load, single point?

18 Q (Nodding head affirmatively.)

19 A No, sir. I believe our largest is 57
20 megawatts, and we have many that are in the 30 to 50
21 class.

22 Q On page 13 of your direct, you refer to, on
23 lines 1 and 2, an unacceptably high operational risk.
24 If West Florida and AEC are working together on this
25 project, what would be the unacceptably high

1 operational risk to ECS?

2 A Again, that's the same paragraph we were
3 talking about earlier. My comments there were
4 relative to West Florida Electric Cooperative. With
5 AEC working in there -- in fact, at some point I think
6 I also reference the fact that it's really unsure to
7 me who's going to own -- if West Florida was serving
8 it, who would actually own the substation, whether it
9 be AEC or whether West Florida would own any
10 facilities here. But with AEC in the picture, if AEC
11 is in there serving this customer, then, yes, I
12 believe you have mitigated that operational risk.

13 Q On page 14, you refer to the vested
14 interest for their position in this dispute. What do
15 you mean by that? You said the vested interest lies
16 elsewhere. I'm not too sure I follow that.

17 A Well, frankly, it lies with AEC
18 principally. If AEC is -- in their typical fashion,
19 AEC actually owns the substation that's the delivery
20 point for the customer. They own the transmission
21 line. If AEC owns the transmission point -- excuse
22 me, the substation, then West Florida in that scenario
23 actually has no facilities, so they have no monies to
24 recover, no investment to recover. So if no
25 discrimination is going to occur, all the revenues,

1 except 10 or 20 bucks to render a bill each month,
2 would flow from West Florida to AEC. And so AEC is
3 the one with the vested interest, and in fact, it
4 would appear to me it's actually AEC that would be
5 serving the customer rather than West Florida Electric
6 Cooperative.

7 Q Do you understand that that is to be the
8 scenario?

9 A I know that that is -- it's my
10 understanding that's how all the other substations are
11 owned. I have seen in the testimony of one of West
12 Florida's rebuttal witnesses that they don't plan to
13 do that in this case. And I'm not sure what makes
14 this instance different for some reason. West Florida
15 plans to own the substation in this single instance.
16 I guess it's to get them something to own so they can
17 say they're serving the customer.

18 Q Would you also agree with Mr. Anthony's
19 testimony that the contract that ECS signed with Gulf
20 constitutes the customer's selection of Gulf as its
21 electric utilities provider?

22 A Absolutely. It might not be the only thing
23 to indicate it. I think there were verbal
24 instructions earlier, or any other letters of intent
25 could also indicate that selection. But certainly a

1 contract is a conclusive selection.

2 Q And that refers to your testimony on page
3 16, lines 19 and 20?

4 A Let me look there. Yes.

5 MR. HASWELL: Okay. We're done. I tender
6 the witness.

7 MR. BADDERS: Okay. Jim, does Marlene have
8 any questions?

9 MR. BREMAN: No questions.


10 (Discussion off the record.)

11 (Deposition Exhibit 1 was marked for
12 identification.)

13 (Deposition concluded at 11:32 a.m.)
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1
2 CERTIFICATE OF ADMINISTERING OATH
3
4

5 STATE OF FLORIDA)

6 COUNTY OF LEON)
7
89 I, MARY ALLEN NEEL, Notary Public in and for the
10 State of Florida at Large:11 DO HEREBY CERTIFY that on the date and place
12 indicated on the title page of the foregoing
13 transcript, an oath was duly administered by me to the
14 designated witness before testimony was taken.15 WITNESS my hand and official seal this 11th day
16 of September, 2001.
17
1819 
20 MARY ALLEN NEEL, RPR
21 100 Salem Court
22 Tallahassee, Florida 32301
23

1
2 CERTIFICATE OF REPORTER
3


4 STATE OF FLORIDA)

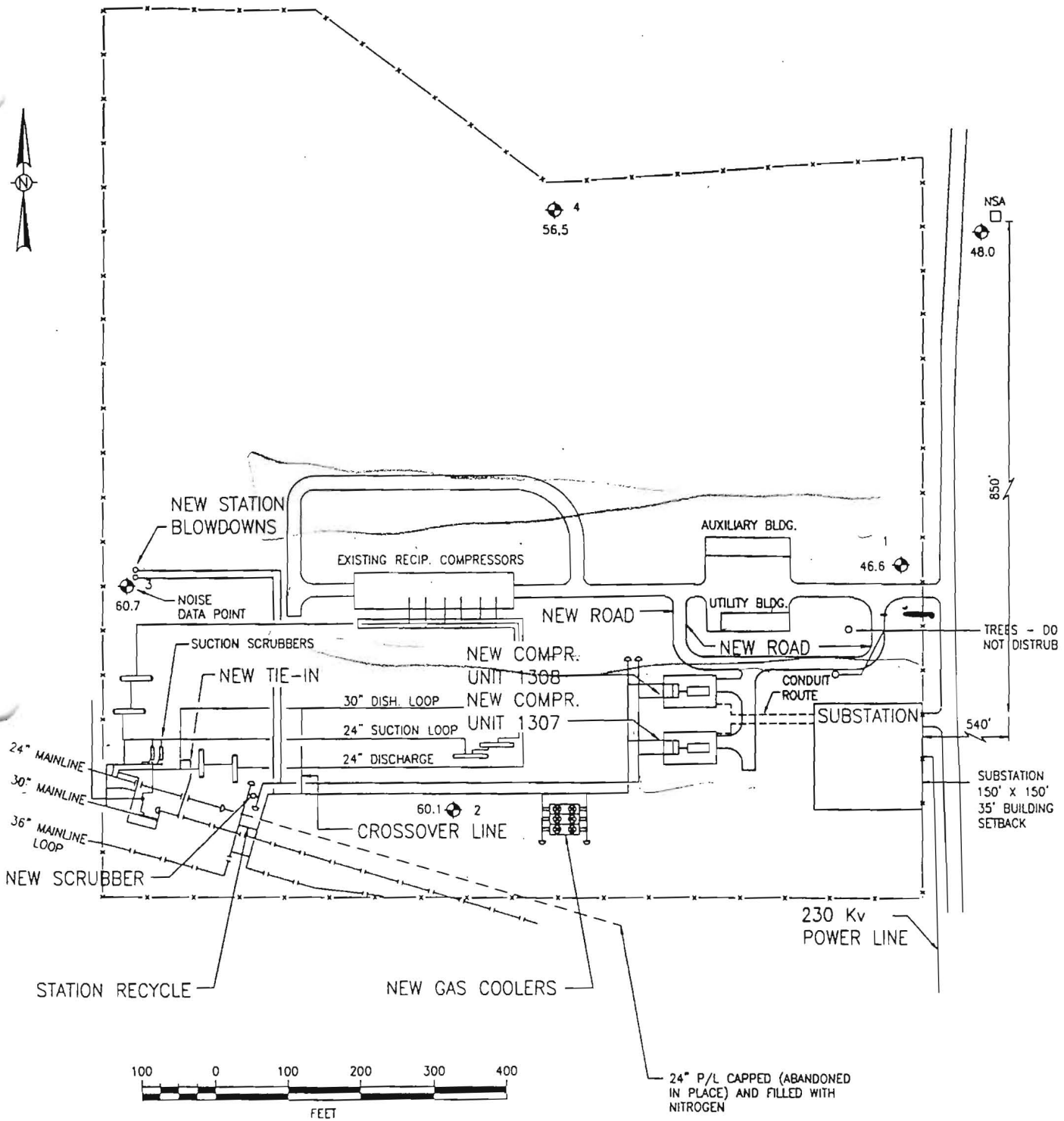
5 COUNTY OF LEON)
6

7 I, MARY ALLEN NEEL, do hereby certify that the
8 foregoing proceedings were taken before me at the time
9 and place therein designated; that my shorthand notes
10 were thereafter transcribed under my supervision; and
11 that the foregoing pages numbered 1 through 32 are a
12 true and correct transcription of my stenographic
13 notes.

14 I FURTHER CERTIFY that I am not a relative,
15 employee, attorney or counsel of any of the parties,
16 or relative or employee of such attorney or counsel,
17 or financially interested in the action.

18 DATED THIS 11th day of September, 2001.
19
20

21 
22 MARY ALLEN NEEL, RPR
23 100 Salem Court
24 Tallahassee, Florida 32301
25 (850) 878-2221



NOISE DATA:

4-15 Sec.
 LeQ taken 4 p.m. 10/26/98
 Temp. 65°F Light Rain
 Wind: 5-12 MPH S

DEPOSITION EXHIBIT
 9/6/01 mn


FLORIDA GAS TRANSMISSION COMPANY

PROPOSED FGT PHASE V
 COMPRESSOR STATION NO. 13A
 PLOT PLAN

ERRATA SHEET

I have read the transcript of my deposition, pages 1 through 32, and hereby subscribe to same, including any corrections and/or amendments listed below.

Date 9-18-01

Signature 

[illegible]

9-6-01
Date of Deposition

Mayneel
Reporter

(Spangenberg)

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Territorial Dispute
Between West Florida Electric
Cooperative Association, Inc.
and Gulf Power Company in
Washington County, Florida.

DOCKET NO. 010441-EU

DEPOSITION OF:

T. S. ANTHONY

TAKEN AT THE INSTANCE OF:

West Florida Electric
Cooperative Association

PLACE:

Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Room 154
Tallahassee, Florida

TIME:

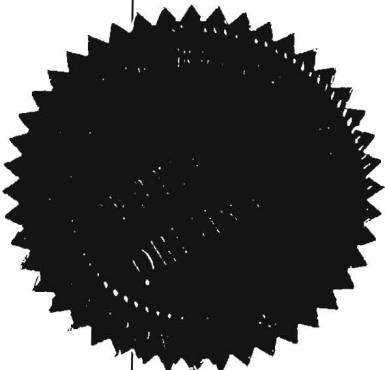
Commenced at 9:35 a.m.
Concluded at 10:04 a.m.

DATE:

September 6, 2001

REPORTED BY:

MARY ALLEN NEEL, RPR
Notary Public, State
of Florida at Large



ACCURATE STENOGRAPHY REPORTERS, INC.
100 SALEM COURT
TALLAHASSEE, FLORIDA 32301
(850) 878-2221

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EU EXHIBIT NO. 9
COMPANY/
WITNESS. Anthony
DATE: 9-19-01

APPEARANCES:

JOHN H. HASWELL, Chandler, Lang, Haswell & Cole,
P.A., 211 N.E. First Street, Gainesville, Florida
32601, on behalf of West Florida Electric Cooperative
Association, Inc.

RUSSELL A. BADDERS, Beggs & Lane, 3 West Garden
Street, Pensacola, Florida 32501, on behalf of Gulf
Power Company.

MARLENE STERN, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850, on behalf of the Commission
Staff.

ALSO PRESENT:

JIM BREMAN
GARY CLARK
ELISABETH DRAPER
M. W. HOWELL
DANIEL LEE
JEFF PARRISH
T. S. SPANGENBERG
DAVID WHEELER

I N D E X

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing is not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

1 Thereupon,

2 T. S. ANTHONY

3 appeared as a witness and, after being duly sworn by
4 the court reporter, testified as follows:

5 EXAMINATION

6 BY MR. HASWELL:

7 Q Good morning, Mr. Anthony.

8 A Good morning.

9 Q My name is John Haswell, and I'm an
10 attorney representing West Florida Electric
11 Cooperative Association, Inc., and I'm here to ask you
12 some questions about some testimony that you have
13 filed with the Public Service Commission in this
14 case. If I ask you a question that you don't
15 understand, I would appreciate it if you would let me
16 know and ask me to repeat it or explain it. would you
17 do that for me?

18 A Yes, sir.

19 Q Okay. You're the same T. S. Anthony who
20 filed direct testimony in this case; is that correct?

21 A That's correct.

22 Q Do you intend on making any corrections or
23 changes to your testimony prior to the hearing?

24 A No, I do not.

25 Q On page 1, line 22 -- and sometimes I'll

1 reference a page and sometimes I won't. On page 1,
2 line 22, you use the words "entitled to choose," that
3 ECS was entitled to choose Gulf Power as its electric
4 service provider in the disputed area. What is your
5 understanding of when a customer is entitled to
6 choose?

7 A Let me read that, if you don't mind. Give
8 me a second.

9 In my opinion, in this case, Enron
10 Compression Services is a new customer; therefore,
11 they're entitled to choose their electric provider as
12 long as there's not any uneconomic duplication of
13 facilities.

14 Q And that's the position of Gulf Power?

15 A That's my position. That's my opinion.

16 Q So this would apply to anybody who is a new
17 customer anywhere in anybody's system?

18 A In Gulf Power's territory?

19 Q Yes.

20 A That would be my opinion, yes.

21 Q So based on what you just said, you think
22 this customer is in Gulf Power's territory?

23 A Yes, I do.

24 Q Could you tell us where you think Gulf
25 Power's territorial boundaries are around this

1 particular area, or does it include the Hinsons
2 Crossroads area?

3 A I don't know that I'm familiar enough with
4 the particular area to even respond to the question.

5 Q Have you seen any of the maps or diagrams
6 that Mr. Rimes filed in this case?

7 A I didn't review his maps.

8 Q Okay. But you know this place has been
9 identified as Hinsons Crossroads?

10 A Yes, I do know that.

11 Q Have you ever been there?

12 A I've seen it one time.

13 Q You drove by it?

14 A I drove by.

15 Q And just to make sure I understand, it's
16 your position and your opinion that the Hinsons
17 Crossroads area where this site is is in Gulf Power's
18 service area?

19 A I believe that can be considered Gulf
20 Power's service territory, yes.

21 Q Now, on lines 22 and 23 of page 1, you
22 refer to a new compression facility. Is this a new
23 facility?

24 A In my opinion, this is a new facility, yes.

25 Q What's the difference in your mind between

1 a new facility and an expansion of an existing
2 facility?

3 A If it was the current customer expanding
4 load and not taking a different metering point, then I
5 would consider that an expansion. But in this case,
6 it would be a different metering point, and it would
7 be a different customer.

8 Q So if it was Florida Gas Transmission that
9 Gulf Power was trying to contract with for service,
10 then you would regard this as an expansion of existing
11 service?

12 A If the service was going to be served
13 through the same metering point that's existing there
14 today, I would agree with that.

15 Q You state on page 2, line 21, that to the
16 best of your knowledge, Gulf Power was contacted by
17 ECS. Do you know that to be true because you were the
18 one who did the contacting or were involved in that?

19 A I was not the one that was involved in the
20 initial contact.

21 Q Do you know who was?

22 A I believe it was John Floyd, an industrial
23 representative from Gulf Power Company.

24 Q Do you know anything about the nature of
25 the contact?

1 A I really do not.

2 Q So what was your direct involvement in the
3 contact by ECS to Gulf?

4 A I got involved in this particular customer
5 negotiation around about 1998. And there again, I was
6 involved in discussions with Enron Compression
7 Services regarding service to the load that they were
8 describing.

9 Q Okay. I'll get back to that in just a
10 minute. You mentioned 1996, in April of 1996 when
11 this occurred. Do you know if it was Enron
12 Compression Services at that time, or was it Enron
13 Corporation?

14 A I do not know.

15 Q You don't know for sure if it was actually
16 ECS?

17 A I don't know for sure.

18 Q Okay. Let's jump back to 1998 and
19 forward. What exactly did you do in developing this
20 customer?

21 A I was involved in discussing electric
22 alternatives with this particular customer.

23 Q Did the customer actually request service
24 from Gulf, or did they send a proposal? How would you
25 characterize that?

1 A Are you talking about in 1998?

2 Q In 1996 when that first contact was made.

3 A In 1996 I wasn't involved.

4 Q Okay. When you were directly involved,
5 what was the nature of the contact?

6 A Discussion of various electric alternatives
7 as compared to their gas alternative.

8 Q I understand, but at some point there was
9 no contact between ECS and Gulf, and then there was
10 for some reason. Is that because Gulf went out and
11 solicited the load, or did ECS come to Gulf and ask
12 for a proposal?

13 A I don't recall.

14 Q It could have been either one?

15 A I don't recall.

16 Q Now, you talked about the alternative, the
17 electric alternative. What does that mean? Are these
18 compressors generally run by gas?

19 A I believe their compression facilities are
20 normally run by gas fueled compressors, yes.

21 Q Who made the suggestion that they be run by
22 electricity?

23 A I believe Enron Compression Services did.

24 Q Do you know if Enron runs any other
25 compressor station with electricity?

1 A I don't know that for sure. There was
2 discussion of them having some other locations similar
3 to this, but I don't know that they materialized. We
4 never looked into that.

5 Q Okay. So what would be the difference
6 between gas powered and electric powered that would
7 encourage or motivate Enron Compression Services to
8 look at an electric alternative?

9 A I'm not extremely familiar with gas fired
10 compression, so I really wouldn't know. But we placed
11 alternatives on the table for them to compare to their
12 own alternatives that were not really shared with us.

13 Q So what information did they give you that
14 you needed to have to make that alternative proposal?

15 A Discussions of the specific load that would
16 be placed at Station 13A, the nature of that load.

17 Q All right. And is there anything you can
18 tell me about that in terms of the characteristics of
19 the load? I mean, what is involved in the information
20 you need? As opposed to the details, the numbers
21 themselves, what kinds of things? Do you have to know
22 what the capacity of the motors are?

23 A You need to know the size of the motors,
24 the nature of how those motors would be operated, the
25 electric load factor, et cetera.

1 Q Would you say all that information could be
2 contained on one sheet of paper?

3 A I would think so.

4 Q Okay. And Enron gave that to you right up
5 front, all that information?

6 A No, they didn't. It took a while.

7 Q And do you know why it took a while?

8 A No, I don't.

9 Q They were reluctant to give it to you, or
10 it just took them a while?

11 A I don't really know. We asked them for
12 various types of information, but we were slow in
13 getting that information as well.

14 Q So it took from 1998 to 2000?

15 A I don't know that it took that long, but it
16 took a while.

17 Q Now, you've been to Station 13A and seen
18 it. Excuse me, Station 13. That's owned by Florida
19 Gas Transmission.

20 A Yes.

21 Q When you were there, did you notice any
22 kind of structures around it or a fenced area where
23 the station was located?

24 A I drove past it. There was a fence. As I
25 recall, there was a fence around the total facility.

1 But we didn't stop. It was just on a trip back from
2 Tallahassee.

3 Q And you know where Station 13A as defined
4 by Gulf Power is supposed to be located?

5 A It's adjacent to Station 13.

6 Q It's going to be inside the fence?

7 A That's my understanding, but I don't know
8 that for sure either.

9 Q So at some point, ECS decided that the
10 electric alternative was the most economic choice.
11 Was Gulf Power involved in that, comparing those two
12 alternatives, or you simply made the electric proposal
13 and they made up their mind?

14 A They made up their mind based on the
15 electric proposal we supplied.

16 Q So you never saw their gas --

17 A We never saw their gas alternative.

18 Q Okay. Would it be fair to say that the
19 reason they may have chosen that is because it would
20 be cheaper for them to use electricity instead of gas?

21 MR. BADDERS: Objection to the question.
22 That calls for speculation on what they were
23 thinking. This witness would not know that.

24 You can answer to the extent --

25 MR. HASWELL: Well, let me rephrase the

1 question.

2 BY MR. HASWELL:

3 Q Do you have any direct knowledge yourself
4 of why they elected the electric service option
5 instead of the gas option?

6 A No, I do not.

7 Q On page 3, line 2, you refer to there was
8 not much activity on the project until the latter part
9 of 1998. What does not much activity mean?

10 A Well, I wasn't involved in it during the
11 time frame between 1996 and 1998. I don't think there
12 was an awful lot of contact between Enron Compression
13 Services and Gulf Power during that time frame.

14 Q Okay. What discussions did Florida Gas
15 Transmission or ECS, to your knowledge, have with West
16 Florida between 1996 and 1998 about this service?

17 A I do not know.

18 Q You don't know whether they had
19 conversations or not?

20 A Not particularly, no. The conversation
21 that I had with Enron Compression Services, they made
22 mention that they had contacted West Florida Electric
23 and AEC at some time interval during that time, but I
24 don't recall the time that they discussed that.

25 Q Did Enron at any time during any

1 discussions that you were privy to say, "We're coming
2 with Gulf because we haven't gotten anywhere with West
3 Florida or AEC"?

4 A I don't recall them saying that.

5 Q So regarding your testimony at page 3, line
6 7, ECS asked questions about the type of facilities.
7 Again, you don't know whether any of those questions
8 were asked of West Florida or AEC?

9 A I do not know what they asked West Florida
10 Electric or AEC.

11 Q Do you know if they asked them anything?

12 A No, I do not know if they asked them any
13 specifics.

14 Q On line 9 of that same page, you talked
15 about reliability and quality of service and relative
16 economics. What can you tell us about relative
17 economics?

18 A Well, I think what we mean there by
19 relative economics, or what I meant by that is the
20 discussion of our tariff rates as compared to their
21 electric alternative.

22 Q But in fact, what you just told me is that
23 you didn't really compare it.

24 A No, I did not.

25 Q What about the quality of service?

1 A Quality of service, the high reliability of
2 the 230 kilovolt transmission system, service directly
3 tapped off that service.

4 Q Did you compare it to any other service?

5 A I did not, but I believe Gulf Power Company
6 did.

7 Q So what you mean there by quality of
8 service as far as your testimony is concerned is just
9 tapping off your own 230 to serve?

10 A Yes.

11 Q And in any of those discussions, did you
12 make any reference to the 115 system of AEC that's
13 somewhere four or five miles away?

14 A I did not. I wasn't aware of what West
15 Florida Electric had in place in those areas.

16 Q On line 20, you refer to a contract between
17 ECS and Gulf Power. Is it your position that that
18 contract constitutes the request for service and the
19 choice of ECS for Gulf Power?

20 A Yes, it is.

21 Q What other companies do you know that ECS
22 serves, provides compression services to?

23 A I couldn't name another company.

24 Q They never told you about them or --

25 A They discussed that they were doing this

1 type of electric compression in some other areas, but
2 the details of that we didn't ask and they didn't
3 discuss.

4 Q Okay. Now, what -- to your knowledge, who
5 was actually going to own what at Station 13A? Does
6 Florida Gas Transmission have anything to do with this
7 Station 13A?

8 A I don't know that I ever knew the details,
9 the intricate details of the business relationship
10 between Enron Compression Services and Florida Gas
11 Transmission.

12 Q But the service that ECS is going to
13 provide, who are they providing it to?

14 A They will be providing compression services
15 to Florida Gas Transmission.

16 Q And do you know, right now, at Florida Gas
17 Transmission Site 13, who is providing the compression
18 services there?

19 A Existing today?

20 Q Right.

21 A I don't know that for sure.

22 Q Do you know of any other -- I mean, is ECS
23 providing service right now there?

24 A I don't know.

25 Q On page 4, line 8, you refer to station 13

1 being installed on a mainline separate from the
2 mainline that currently serves Station 13. Could you
3 help me with that? What does that mean?

4 A I'm sorry. Repeat where that is.

5 Q Lines 8 and 9 on page 4.

6 A It's my understanding based on the
7 conversations that I've had with Enron Compression
8 Services that there will be additional line segments
9 added at Station 13A, and this is where the
10 compression will be applied.

11 Q Are you telling us that this will be a
12 whole new transmission line that runs from Texas to
13 Florida, or is this simply a jog off the mainline for
14 compression services?

15 A I don't know the answer to that for sure,
16 but I'm assuming it is like you described, a jog off
17 the existing line.

18 Q Now, on that same page 4, at line 20, you
19 refer to a Phase V expansion. Is that what this
20 project is called as far as Florida Gas Transmission
21 is concerned, a Phase V expansion?

22 A I believe that's correct.

23 Q And what do you know about Phase V?

24 A Very little, other than that there's an
25 expansion going on in the State of Florida that

1 they've entitled their Phase V expansion.

2 Q In other words, not just Washington County?

3 A No.

4 Q Do you know who owns the pipeline?

5 A Florida Gas Transmission, to my knowledge.

6 Q Do you know who operates the pipeline?

7 A No, I don't.

8 Q Do you know who's going to operate the
9 electric motors at Station 13A?

10 A Based on the conversations I've had with
11 Enron Compression Services, they will be the ultimate
12 operator.

13 Q On page 5, lines 2, 3, and 4, you say --
14 you start out by saying, "It has been said." Could
15 you tell us who said that?

16 A Enron Compression Services.

17 Q Okay. And what is the point of saying that
18 -- I'm trying to figure out what the point of that
19 sentence is, that 95% of the volume of natural gas to
20 be transported via the new pipeline expansion will
21 serve natural gas fired electric generation in
22 Florida.

23 A I'm just trying to point out the
24 significance of this expansion.

25 Q Part of that Phase V project?

1 A Right.

2 Q Okay. Now, referring to page 5, line 13,
3 Gulf Power began pre-engineering the construction
4 project. What is pre-engineering work? What is that?

5 A Basically, planning to serve the electric
6 load that's being discussed by Enron Compression
7 Services.

8 Q And what do you do when you start planning
9 to serve? Do you start drawing maps and diagrams, or
10 do you go out and get easements, or what?

11 A I think there was some preliminary work
12 done with the acquisition of easements. I don't
13 believe there were actual easements acquired, but I
14 think we looked into what it was going to take to
15 acquire that easement.

16 Q Would that engineering work include the
17 design of the transmission line?

18 A I think it would include some of that, yes.

19 Q And what substation construction and what
20 facilities were needed?

21 A I think some of that pre-engineering would
22 be done as well, yes.

23 Q And when was that done? When was the
24 pre-engineering work done or started?

25 A I believe it was started in the fall of the

1 year 2000.

2 Q Okay. Do you know how much of that was
3 completed before you signed the contract with ECS?

4 A How much of the pre-engineering?

5 Q Yes. Well, actually, how much work was
6 done? On the date you signed the contract, what had
7 Gulf Power done up to that point?

8 A I think quite a bit of what we describe as
9 pre-engineering had been completed at that time.

10 Q Did you have any agreement or understanding
11 with ECS as to what if you didn't sign a contract with
12 them, how you would recover your costs for that
13 pre-engineering work?

14 A Yes, we did.

15 Q Were they going to reimburse you for it?

16 A Yes.

17 Q Now, on page 5, line 18, you refer to
18 uncertainty created by West Florida's apparent
19 contention. What uncertainty are you referring to?

20 A The uncertainty that I'm mentioning there
21 is West Florida's contention that they're the only
22 utility that can serve a customer in this particular
23 service area.

24 Q Now, earlier you said that it's your
25 opinion that this site is in Gulf Power's service

1 area.

2 A Yes.

3 Q And that the customer has a right to choose
4 ECS?

5 A Yes.

6 Q So where's the uncertainty?

7 A Just the involvement of another utility
8 coming in at a late date.

9 Q What do you mean by late date?

10 A I would consider the 1996 to 2001 time
11 frame working with this particular customer, and then
12 West Florida Electric filing a territorial dispute
13 after the signing of the contract.

14 Q What if the roles were reversed? If Gulf
15 Power had known nothing about this until someone said,
16 "Hey, why are they acquiring this right of way," would
17 you think that Gulf Power had any right to object to
18 West Florida building its line in?

19 A I don't know. I don't get involved in
20 those matters. I wouldn't be able to respond to
21 that.

22 Q Now, you also refer to a new substation to
23 be constructed on the customer's site -- this is line
24 24 -- to Station 13A. Right now there is no 13A;
25 right? Nothing has been built or constructed there;

1 is that correct?

2 A To my knowledge, there's nothing new added
3 there; that's correct.

4 Q And you also refer to a joint petition.
5 Were you personally involved in the preparation of
6 that joint petition that has been attached as an
7 exhibit?

8 A Actually, that petition was prepared by
9 legal counsel representing Gulf Power Company and
10 legal counsel representing Enron Compression Services.

11 Q Did any of the facts mentioned in there,
12 did they come from you?

13 A I was involved in an awful lot of the
14 discussions between 1998 and the signing of the
15 contract in February of 2001. A lot of those facts
16 would be facts that I would be able to respond to.

17 Q And some of the facts that are in your
18 exhibit itself -- I don't want to have to read the
19 whole exhibit, but part of the information that's in
20 this, did that come from your knowledge of the events
21 between 1996 and 2000?

22 A I would agree with the facts that are in
23 the petition. I did not prepare the petition.

24 Q All right. On page 6, lines 6 to 15, I'm
25 actually referring to that. What can you tell us

1 about ECS or Florida Gas Transmission contacting or
2 having any discussions with West Florida Electric
3 Cooperative between 1996 and 2000?

4 A Only based on conversations that I had with
5 Enron Compression Services. They mentioned that they
6 made contact with West Florida and AEC.

7 Q Did they describe the nature of those
8 contacts?

9 A They did not.

10 Q So you don't know whether that was just one
11 phone call or whether it was extensive conversation?

12 A I do not know the details of it.

13 Q On line 9 of that same page, you refer to
14 Gulf Power's unyielding efforts to successfully
15 compete against the natural gas driven compression
16 alternative. What does compete mean? What do you
17 mean by compete?

18 A By compete I mean offering an electric
19 driven compression alternative that competed against
20 their natural gas alternative.

21 Q Just like you said earlier in the
22 testimony?

23 A Yes.

24 Q So you weren't talking about open
25 competition?

1 A No.

2 Q Now, on line 14, you refer to a lack of
3 energetic interest on west Florida's part. I'm
4 referring to what we just talked about. That
5 statement is based on what ECS told you?

6 A Yes.

7 Q So as far as you know, you don't know
8 whether there was a lack of energetic interest or not
9 from your direct knowledge?

10 A From my direct knowledge, I do not know.

11 Q And then on line 21, ECS is going to be
12 receiving service via Gulf's tariff. Is that the PX
13 tariff?

14 A Yes.

15 Q And that's the only -- based on your
16 testimony, that's the only document we have to look at
17 to see what Enron is going to be paying Gulf; is that
18 correct?

19 A That's correct.

20 MR. BADDERS: Can we go off the record for
21 a second?

22 MR. HASWELL: Sure.

23 (Discussion off the record.)

24 BY MR. HASWELL:

25 Q Just to go back to that same question, what

1 we're trying to determine is, is Gulf's PX tariff the
2 sole basis for what ECS will pay Gulf Power for the
3 service to Station 13A?

4 A For electricity sales; that's correct.

5 Q And we do understand there's going to be a
6 spare transformer, and arrangements have been made to
7 reimburse Gulf for that?

8 A That's correct.

9 Q Okay. Referring to your exhibit, page 6,
10 do you know whether or not West Florida Electric,
11 either by itself or through AEC, has access to the
12 same 230 kv transmission facilities that Gulf does?

13 A I don't have knowledge to respond to that.

14 Q You don't know?

15 A I'm not familiar with that agreement, no.

16 Q Okay. On page 7 of your exhibit, you cite
17 the inadequacy of existing electric service
18 facilities. Isn't it true that Gulf Power's
19 facilities are also currently inadequate to provide
20 service to that site?

21 A If you're referring to the 115 kilovolt
22 system, I believe that's correct.

23 Q What I'm referring to is that there are no
24 Gulf Power facilities adjacent to or on the site right
25 now; is that correct?

1 A That's correct.

2 Q So unless Gulf builds something, it can't
3 serve that site right now; is that correct?

4 A That's correct.

5 Q So it would be fair to say that no matter
6 who serves the site, either utility has got to built
7 something?

8 A I agree.

9 Q In paragraph 10 on the same page, you refer
10 to general discussions concerning the project were
11 conducted. Those were general discussions between
12 Gulf Power and ECS?

13 MR. BADDERS: I guess I want to interpose
14 an objection. I don't think it has anywhere
15 been stated that he is making the statement on
16 page 7 of the petition. This petition is
17 attached to his testimony. That doesn't mean he
18 is the one making the representations that are
19 contained in it.

20 MR. HASWELL: I'm not questioning him on
21 whether he made the statement, but it's his
22 exhibit, and whether or not he knows --

23 MR. BADDERS: Right, but the phrasing of
24 your question was did he make the statement.

25 BY MR. HASWELL:

1 Q So referring to the words "general
2 discussions," what do you know about those general
3 discussions other than what you've already said?

4 A Just a second.

5 The general discussions that I believe are
6 being referenced here are the discussions that I was
7 involved in between 1998 and 2001, the signing of the
8 contract.

9 Q And those discussions were exclusively
10 between Gulf Power and ECS?

11 A I believe they were.

12 Q Okay. On page 8 of your exhibit, there is
13 a reference by -- at the top of the page, that exhibit
14 states that no proposal was received from AEC or West
15 Florida to date. Where did you -- excuse me. Do you
16 agree with that statement?

17 A That statement, that information was
18 provided by Enron Compression Services.

19 Q So you don't know that of your own personal
20 knowledge?

21 A No, I don't.

22 Q On that same page of the exhibit, the
23 authors of this exhibit said that West Florida has
24 threatened to delay the project. Have you ever seen
25 anything verbally or in writing that West Florida has

1 threatened to delay the project?

2 A I don't recall seeing anything like that.

3 Q Have you heard that Mr. Clark or anybody
4 from West Florida called Gulf Power or Enron and said,
5 "we're going to delay your project"?

6 A I haven't been involved in anything like
7 that.

8 Q You haven't heard anything like that, have
9 you?

10 A I haven't heard that.

11 MR. HASWELL: I have no other questions at
12 this time. Tender for cross.

13 MR. BADDERS: I believe that is all the
14 questions. Does staff have any questions for
15 this witness?


16 MS. STERN: No.

17 MR. BADDERS: Thank you, Mr. Anthony.

18 (Deposition concluded at 10:04 a.m.)
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22
23
24
25

1
2 CERTIFICATE OF ADMINISTERING OATH
3
4

5 STATE OF FLORIDA)

6 COUNTY OF LEON)
7
89 I, MARY ALLEN NEEL, Notary Public in and for the
10 State of Florida at Large:11 DO HEREBY CERTIFY that on the date and place
12 indicated on the title page of the foregoing
13 transcript, an oath was duly administered by me to the
14 designated witness before testimony was taken.15 WITNESS my hand and official seal this 11th day
16 of September, 2001.
17
1819 
20 MARY ALLEN NEEL, RPR
21 100 Salem Court
22 Tallahassee, Florida 32301
23
24
25

1
2 CERTIFICATE OF REPORTER
3


4 STATE OF FLORIDA)

5 COUNTY OF LEON)
6

7 I, MARY ALLEN NEEL, do hereby certify that the
8 foregoing proceedings were taken before me at the time
9 and place therein designated; that my shorthand notes
10 were thereafter transcribed under my supervision; and
11 that the foregoing pages numbered 1 through 29 are a
12 true and correct transcription of my stenographic
13 notes.

14 I FURTHER CERTIFY that I am not a relative,
15 employee, attorney or counsel of any of the parties,
16 or relative or employee of such attorney or counsel,
17 or financially interested in the action.

18 DATED THIS 11th day of September, 2001.
19
20

21 
22 MARY ALLEN NEEL, RPR
23 100 Salem Court
24 Tallahassee, Florida 32301
25 (850) 878-2221

✓

Date 9/18/01

Signature 15 Only one

124

(Anthony)

Mary Neel
Reporter

(A composite of 2 pages)

MKM __ 1
MICHAEL K. MOORE, P.E.
EXECUTIVE VICE PRESIDENT
MANAGER, ANALYTICAL SERVICES

REGISTRATIONS

Registered Professional Engineer: Oklahoma No. 14829

EDUCATION

BEE (Highest Honor, Cooperative Plan), Georgia Institute of Technology, 1979

EXPERIENCE RECORD

1993 - Present C. H. Guernsey & Company, Engineers • Architects • Consultants; 5555 North Grand Boulevard, Oklahoma City, Oklahoma 73112-5507.

2000 - Present, Director, Executive Vice President and Assistant Secretary; Manager of Analytical Services Group, Energy Division.

1998 to 2000, Director, Senior Vice President and Secretary-Treasurer; Manager of Analytical Services Group, Energy Division.

1997 to 1998; Director, Senior Vice President; Manager of Analytical Services Group, Energy Division.

Mr. Moore specializes in the technical and economic evaluation of numerous areas related to power system planning and operation, including cogeneration, power supply planning, transmission planning, contract negotiations, reliability analysis, system modeling and simulation studies, and valuation studies. Mr. Moore has presented expert testimony in numerous proceedings before state and federal regulatory commissions on issues related to transmission planning, transmission service, cost allocation studies, rate design, avoided cost analysis, and load management. He has also testified as an expert witness in civil proceedings, and has prepared comments to rulemaking proposals of regulatory agencies.

1982 - 1991 C. H. Guernsey & Company, Member and Manager of Power Systems Analysis Department.

1991 - 1993 Rayburn Country Electric Cooperative, Inc., Rockwall, Texas. Director of Power Supply. Primary responsibilities involved evaluation, negotiation, implementation and administration of power supply and transmission arrangements for an electric generation and transmission cooperative. Also responsible for wholesale metering and billing, various regulatory activities, negotiation and administration of facilities lease arrangements, and coordinating technical activities with members.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EU EXHIBIT NO. 10
COMPANY/
WITNESS. Moore
DATE: 9-19-01

MICHAEL K. MOORE, P.E.
EXECUTIVE VICE PRESIDENT
MANAGER, ANALYTICAL SERVICES

Page 2 of 2

1979 - 1982 **South Mississippi Electric Power Association**, Hattiesburg, Miss. System Planning Engineer. Primary responsibilities involved transmission system planning, generation planning, load forecasting, collection and analysis of substation metering data, revenue and sales estimates for budget, design of wholesale electric rates, and preliminary work on load management. Considerable experience in performing load flow studies and developing computer software for special applications.

PAPERS AND PRESENTATIONS

"The Texas Senate Interim Committee on Electric Utility Restructuring." Texas Senate Select Committee, Grapevine, Texas; March 25, 1998.

"The Purpose of a Valuation Study." NRECA Valuation Studies, Lincoln, Nebraska; September 1996.

"Waiver Applications for "Small" Public and Non-Public Utilities - How Might The Standards for Exemptions be Set?" Panelist. NRECA Forum '96 - Complying with FERC Order Nos. 888 & 889, Arlington, Virginia; August 8, 1996.

"Public/Competitive Power Pooling." 1996 Power Pooling Meeting, Irving, Texas; July 17, 1996.

"Stakeholders Dialogue and Collaborative - Wyoming Rural Electric Cooperatives," presented for conference sponsored by Wyoming Public Service Commission in Casper, Wyoming; May 14, 1996.

"Power System Planning and Operation," presented to Philippines Energy Regulatory Board; Manila, Philippines; December 18-20, 1995.

"System Valuation Studies," presented for NRECA's Advanced Management Training; Lincoln, Nebraska; September 13, 1995.

"Reducing Oilfield Electrical Costs Through Efficient Operations." TEC/North Texas Oil & Gas Workshop, Wichita Falls, Texas; August 24, 1995.

"Rate Design and Financial Strategy Issues for Cooperatives," presented for South Dakota Rural Electric Office Managers and Accountants Association; Huron, S. Dak.; April 27, 1995.

"Rates & Equity Structuring For Survival." NRECA Annual Meeting; March 1, 1995.

"Transmission Access Revolution," presented for NRECA's 1994 EXPO; New Orleans, Louisiana; February 5, 1994.

11. Please state in detail any objection, legal constraints, or reasons as to why WFEC or Alabama Electric Cooperative, Inc. ("AEC") could not tap into GPC's 230 kV transmission line in Washington County under Southern Company's currently effective Open Access Transmission Tariff ("OATT") on file at FERC.

ANSWER:

None, provided that the activities of AEC or WFEC would comply with the provisions of the OATT. The OATT is not a Southern Company tariff as inferred in the Interrogatory. It is a tariff administered by Southern Company Services ("SCS") as agent for Gulf and its sister operating companies..

West Florida Ele
First Set of Interr
Docket No. 0104
GULF POWER COMPANY
July 2, 2001
Item No. 12
Page 1 of 1

12. State whether and under what conditions GPC is willing to sell the 230 kV transmission line tap and associated facilities constructed or to be constructed to provide service to the disputed area ("Station 13A as identified by ECS") to AEC or WFEC?

ANSWER:

At this time, Gulf Power Company would be willing to sell the facilities that it currently has planned for construction to serve ECS at Station 13-A only if the Florida Public Service Commission prohibits Gulf from serving ECS. In that case, Gulf would sell its facilities to WFEC or AEC at a price that would fully compensate Gulf for its investment costs, including any applicable overheads, fees, taxes, or other charges associated with this installation.

**Federal Energy Regulatory Commission
Office of Energy Projects**

**FLORIDA GAS TRANSMISSION COMPANY
PHASE V EXPANSION PROJECT**

Final Environmental Impact Statement



July 2001

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EU EXHIBIT NO. 11
COMPANY/
WITNESS: Dynaway
DATE: 9-19-01

In Reply Refer To:
OEP/DEER/Gas Group 1
Florida Gas Transmission Company
Docket Nos. CP00-40-000, -001,
and -002

TO THE PARTY ADDRESSED:

The staff of the Federal Energy Regulatory Commission (FERC or Commission) has prepared a final environmental impact statement (EIS) to assess the environmental impact associated with the construction of facilities proposed by Florida Gas Transmission Company (FGT) and referred to in this final EIS as the FGT Phase V Expansion Project in the above-referenced docket.

The final EIS was prepared to satisfy the requirements of the National Environmental Policy Act (NEPA). The staff concludes that approval of the FGT Phase V Expansion Project, with appropriate mitigating measures as recommended, would have limited adverse environmental impact. The final EIS evaluates alternatives to the proposal, including system alternatives, route alternatives, and route variations.

The final EIS assesses the potential environmental effects of the construction and operation of the proposed facilities in Mississippi, Alabama, and Florida.

The purpose of the FGT Phase V Expansion Project is to transport up to 112,487 million cubic feet (MMcf) per day of natural gas on an annual basis to seven electric generation customers and others in Florida. Three of these customers, representing 94 percent of proposed transportation capacity, are in the process of developing and constructing additional gas-fired electric generating capacity to serve the growing market for electricity in Florida. FGT estimates the total cost of its Phase V Expansion Project at \$452 million.

FGT proposes to construct and operate an interstate natural gas pipeline and associated aboveground facilities under Section 7(c) of the Natural Gas Act (NGA) and Title 18, CFR, Part 157. FGT proposes to expand its existing 5,225-mile-long natural gas pipeline transmission system by the construction of approximately 165.8 miles of pipeline loops and laterals, 132,615 horsepower (hp) of additional compression at nine existing and three new compressor stations, and other associated auxiliary facilities in various locations in Mississippi, Alabama, and Florida.

In addition, FGT proposes to acquire from Koch Gateway Pipeline Company (KGPC) an interest in KGPC's Mobile Bay Lateral that would give FGT the rights to about 50 percent of the available capacity on that system. Concurrent with FGT's filing, KGPC filed an application in Docket No. CP00-39-000 for approval to abandon by sale to FGT the interest in its Mobile Bay Lateral. However, the environmental analysis of this action qualifies as a categorical exclusion and is not included in the EIS.

The final EIS has been placed in the public files of the FERC and is available for public inspection at:

Federal Energy Regulatory Commission
Public Reference and Files Maintenance Branch
888 First Street, N.E., Room 2A
Washington, DC 20426
(202) 208-1371

Copies of the final EIS have been mailed to Federal, state and local agencies, public interest groups, individuals who have requested the final EIS, newspapers, and parties to this proceeding.

In accordance with the Council on Environmental Quality's (CEQ) regulations implementing the National Environmental Policy Act, no agency decision on a proposed action may be made until 30 days after the U.S. Environmental Protection Agency publishes a notice of availability of an final EIS. However, the CEQ regulations provide an exception to this rule when an agency decision is subject to a formal internal appeal process which allows other agencies or the public to make their views known. In such cases, the agency decision may be made at the same time the notice of the final EIS is published, allowing both periods to run concurrently. The Commission decision for this proposed action is subject to a 30-day rehearing period.

Additional information about the proposed project is available from the Commission's Office of External Affairs, at (202) 208-1088 or on the FERC Internet website (www.ferc.gov) using the "RIMS" link to information in this docket number. Click on the "RIMS" link, select "Docket #" from the RIMS Menu, and follow the instructions. For assistance with access to RIMS, the RIMS helpline can be reached at (202) 208-2222.

Similarly, the "CIPS" link on the FERC Internet website provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rulemakings. From the FERC Internet website, click on the "CIPS" link, select "Docket #" from the CIPS menu, and follow the instructions. For assistance with access to CIPS, the CIPS helpline can be reached at (202) 208-2474.

David P. Boergers
Secretary

EXECUTIVE SUMMARY

This Environmental Impact Statement (EIS) for the Florida Gas Transmission Company (FGT) Phase V Expansion Project has been prepared by the staff of the Federal Energy Regulatory Commission (FERC or Commission) to fulfill the requirements of the National Environmental Policy Act and the Commission's implementing regulations under Title 18, Code of Federal Regulations (CFR), Part 380.

FGT proposes to construct and operate an interstate natural gas pipeline and associated aboveground facilities under Section 7(c) of the Natural Gas Act (NGA) and Title 18, CFR, Part 157. FGT proposes to expand its existing 5,225-mile-long natural gas pipeline transmission system by the construction of approximately 165.8 miles of pipeline loops and laterals, 132,615 horsepower (hp) of additional compression at nine existing and three new compressor stations, and other associated auxiliary facilities in various locations in Mississippi, Alabama, and Florida.

FGT would also acquire from Koch Gateway Pipeline Company (KGPC) an interest in KGPC's Mobile Bay Lateral that would give FGT the rights to about 50 percent of the available capacity on that system. Concurrent with FGT's filing, KGPC filed an application in Docket No. CP00-39-000 for approval to abandon by sale to FGT the interest in its Mobile Bay Lateral. The environmental analysis of this action qualifies as a categorical exclusion and is not included in the EIS.

The FGT Phase V Expansion Project is designed to transport up to 112,487 million cubic feet (MMcf) per day of natural gas on an annual basis to seven electric generation customers and others in Florida. Three of these customers, representing 94 percent of proposed transportation capacity, are in the process of developing and constructing additional gas-fired electric generating capacity to serve the growing market for electricity in Florida. FGT estimates the total cost of its Phase V Expansion Project at \$452 million.

PROJECT IMPACTS

The construction of the FGT Phase V Expansion Project would affect a total of 2,069 acres of land. The total acreage affected by construction comprises 1,815 acres for pipeline construction right-of-way, 81 acres of extra work space, 53 acres for the compressor stations and meter station, 0.2 acre for the regulator station, and 120 acres for the pipe and contractor yards. A total of 585 acres would be required for operation of the facilities.

FGT estimates that 66 residences would be within 50 feet of the construction work areas (e.g., construction rights-of-way and extra work areas). No planned residential, commercial, or industrial developments would be crossed. Construction near residential areas would be conducted so as to minimize adverse impacts on residences and ensure that cleanup is quick and thorough. For residences within 25 feet of the construction work areas, FGT would comply with the workspace limitations and the construction techniques detailed on the Residential Implementation Plan site-specific drawings.

Construction and operation of the FGT Phase V Expansion Project would result in temporary and permanent alteration of wildlife habitat, as well as direct impact on wildlife such as disturbance, displacement, or mortality. The clearing of forest for construction and operation of the pipeline would result in a change of forested wildlife habitats to herbaceous and shrub cover habitat types. After construction, the temporary construction right-of-way and extra work areas in previously forested areas would be allowed to revegetate naturally and would eventually return to preconstruction conditions. In upland areas, the

1.0 INTRODUCTION

The staff of the Federal Energy Regulatory Commission (FERC or Commission) has prepared this environmental impact statement (EIS) to assess the environmental impact associated with the construction of facilities proposed by Florida Gas Transmission Company (FGT) and referred to in this final EIS as the FGT Phase V Expansion Project.

On December 1, 1999, FGT filed an application with the Commission in Docket No. CP00-40-000, under Section 7(c) of the Natural Gas Act (NGA) and Part 157 of the Commission's regulations for a Certificate of Public Convenience and Necessity (Certificate) to construct, acquire, and operate various pipeline and compression facilities in Mississippi, Alabama, and Florida. Subsequently, FGT filed modifications to the proposed project for several of the pipeline components and compressor stations.^{1/} The project, as currently proposed, herein consists of the construction and operation of about 165.8 miles of natural gas pipeline and compression totaling 132,615 horsepower (hp).

FGT would also acquire from Koch Gateway Pipeline Company (KGPC) an interest in KGPC's Mobile Bay Lateral that would give FGT the rights to about 50 percent of the available capacity on that system. Concurrent with FGT's filing, KGPC filed an application in Docket No. CP00-39-000 for approval to abandon by sale to FGT the interest in its Mobile Bay Lateral. This action qualifies as a categorical exclusion with no environmental analysis required under the Commission's regulations (Title 18, Code of Federal Regulations, Part 380) and is not included in this EIS.

1.1 PROJECT PURPOSE AND NEED

The purpose of the proposed FGT Phase V Expansion Project is to deliver natural gas to satisfy growing fuel requirements of electric generation customers and others in the state of Florida. The largest users, for which most of the proposed facilities would be constructed, would be Tampa Electric Company (TECO), Florida Power and Light Company (FPL), and Gulf Power Company (an affiliate of Southern Company Services, Inc.). Each of these companies is in the process of developing and constructing additional gas fired electric generating capacity to serve the growing market for electricity in Florida.

In addition, Peoples Gas System (Peoples) and the City of Tallahassee would be served with smaller quantities of natural gas for local distribution. Table 1.1-1 lists the FGT Phase V Expansion Project customers and natural gas volumes in million cubic feet (MMcf). FGT estimates that the Phase V Expansion Project would cost approximately \$452 million.

FGT states that the proposed project would enhance the environment by using natural gas to repower the FPL Sanford Plant and the four generating units at the City of Tallahassee's Purdom Station, which are currently fueled by oil, and TECO's Bayside Plant, which is currently fueled by coal. In addition, constructing two new gas-fired electric generation stations (Gulf Power Company's Lansing Smith Unit 3 and Jacksonville Electric Authority's [JEA's] Brandy Branch Plant) would reduce emissions compared to the use of other fuels.

^{1/} FGT amended its original application (filed December 1, 1999) on August 1, 2000, and again on September 29, 2000, to reflect route changes and redistribution of compression for the proposed FGT Phase V Expansion Project. Originally, the proposal consisted of 215.4 miles of pipeline and 89,765 horsepower of compression.

2.0 PROPOSED ACTION

2.1 PROPOSED FACILITIES

FGT proposes to expand its existing 5,225-mile-long natural gas pipeline transmission system by the construction of approximately 165.8 miles of pipeline, 132,615 hp of additional compression, and other associated auxiliary facilities in various locations in Mississippi, Alabama, and Florida. Specifically, FGT proposes to:

- construct about 165.8 miles of pipeline including:
 - 65.1 miles of mainline loops^{4/} and lateral loops in Mississippi, Alabama, and Florida;
 - 71.9 miles of various new laterals; and
 - 28.8 miles of new supply pipeline;
- install a total of about 132,615 hp of compression at nine existing and three new compressor stations in Alabama and Florida;
- construct two regulator stations in Florida;
- construct three delivery point meter stations in Florida;^{5/}
- construct one receipt point meter station in Alabama; and
- construct nine mainline valves.

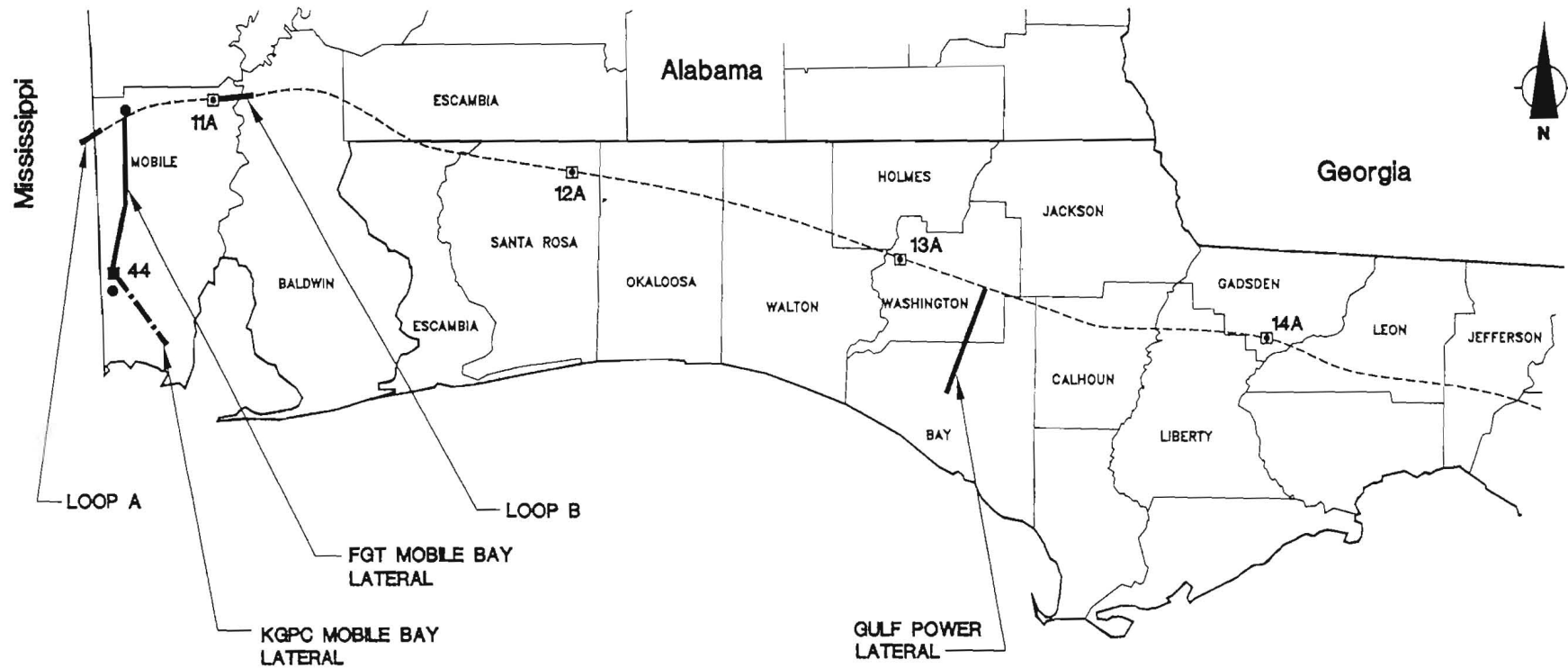
The location of FGT's proposed facilities is shown on figure 2.1-1 (maps 1 and 2). Table 2.1-1 identifies the proposed pipelines. Table 2.1-2 identifies the proposed aboveground facilities. Detailed maps of the pipelines and aboveground facilities are presented in appendix B.

2.2 LAND REQUIREMENTS

FGT proposes to use construction right-of-way widths varying from 30 to 245 feet (see table 2.2-1). These widths vary depending on the diameter of the pipe and the availability of an immediately adjacent existing corridor that could be used by FGT for temporary work space. FGT has attempted to reduce impacts by locating approximately 123.3 miles (74 percent) of the pipeline adjacent to existing rights-of-way. Approximately 42.5 miles (26 percent) of the pipeline would be constructed on new right-of-way that does not parallel existing rights-of-way. Figures C-1 through C-50 in appendix C show typical cross-sectional drawings indicating temporary construction right-of-way requirements, new permanent right-of-way requirements, and the limits of the existing permanent rights-of-way.

^{4/} A loop is a segment of pipeline that is usually adjacent to an existing pipeline and connected to it at both ends

^{5/} The three delivery points would be constructed under FGT's existing blanket Certificate issued in Docket No. CP82-553. However, an environmental analysis of these facilities is included in this EIS.

**LEGEND:**

----- FGT EXISTING MAINLINE

———— PROPOSED PIPELINE

- · - · - FACILITY TO BE ACQUIRED BY SALE

■ PROPOSED NEW COMPRESSOR STATION

Ⓢ PROPOSED COMPRESSOR ADDITION

● PROPOSED NEW METER/REGULATOR STATION

FIGURE 2.1-1

FLORIDA GAS TRANSMISSION COMPANY

**PHASE V EXPANSION
SITE LOCATION MAP**

TABLE 2.1-2
FGT's Proposed Aboveground Facilities

Facility	New Compressor Horsepower	Upgrade Horsepower	Total Proposed Horsepower	MP	County	State
COMPRESSOR STATIONS						
Mainline						
Station No. 11A	15,700	—	15,700	190.8	Mobile	AL
Station No. 12A	15,700	2,650	18,350	260.2	Santa Rosa	FL
Station No. 13A	24,000	—	24,000	324.5	Washington	FL
Station No. 14A	15,700	2,650	18,350	394.7	Gadsden	FL
Station No. 15A	7,200	400	7,600	468.7	Taylor	FL
Station No. 16	7,200	—	7,200	548.0	Bradford	FL
Station No. 17	15,700	—	15,700	608.0	Marion	FL
West Leg						
Station No. 24	—	4,650	4,650	25.4	Gilchrist	FL
Station No. 26	—	830	830	90.6	Citrus	FL
Station No. 27 <u>a/</u>	14,400	—	14,400	160.0	Hillsborough	FL
Mobile Bay Lateral						
Station No. 44 <u>a/</u>	3,335	—	3,335	28.8	Mobile	AL
St. Petersburg Lateral						
Station No. 31 <u>a/</u>	2,500	—	2,500	2.0	Osceola	FL
TOTAL	121,435	11,180	132,615			
REGULATOR STATIONS						
DeBary Regulator	—	—	—	14.6	Volusia	FL
Citronelle Regulator	—	—	—	170.4	Mobile	AL
METER STATIONS						
Delivery Points:						
FPL - Sanford	—	—	—	0.6	Volusia	FL
Gulf Power	—	—	—	27.7	Bay	FL
TECO Bayside	—	—	—	13.4	Hillsborough	FL
Receipt Point						
KGPC Meter Station	—	—	—	29.8	Mobile	AL
MAIN LINE BLOCK VALVES						
Mobile Bay Lateral						
	—	—	—	0.0	Mobile	AL
	—	—	—	14.8	Mobile	AL
Gulf Power Lateral						
	—	—	—	14.2	Washington	FL
	—	—	—	21.2	Bay	FL
Sanford Lateral						
	—	—	—	6.9	Lake	FL
Loop J						
	—	—	—	25.4	Gilchrist	FL
Loop K						
	—	—	—	38.6	Levy	FL
Bayside Lateral						
	—	—	—	6.8	Hillsborough	FL
Loop G						
	—	—	—	97.5	Citrus	FL

a/ New compressor station.

2.3.3 Aboveground Facility Construction Procedures

Construction of the two regulator stations and three new compressor stations would involve clearing and grading, where necessary, for placement of the facilities, piping, and structures. The sites would be cleared of trees, brush, and debris; and graded and compacted to surveyed elevations.

Concrete foundations would be poured and the compressor unit(s) and other large equipment would be mounted on their respective foundations. The compressor building and other ancillary buildings would then be erected around them. The natural gas piping, both above ground and below ground, would be installed and pressure-tested using a method similar to that used for the main pipeline. The piping would then be tied in to the main pipeline. The electrical wiring would be pulled through pre-installed conduits, and the instrument panels and control systems would be installed and circuit-checked.

The initial start-up of the station would be carried out in a carefully planned sequence to verify proper interconnections and equipment operation. The site would be cleaned and graded, permanent fencing installed or repaired, access roads and parking areas paved, and landscaping completed as necessary for visual and sound buffers following completion of construction activities.

Meter and regulator stations would be constructed with methods similar to those used for the construction of compressor stations, except that the sites would be smaller and the aboveground piping would be limited to meter tubes; sensor instrumentation necessary for accurate flow, pressure, and temperature measurement; and other related valves and equipment. Instrument panels and electronic data collection equipment would be located within a small on-site building.

Construction of additions to existing compressor stations would use procedures similar to those used for the construction of new facilities. The principal difference is that construction would be carried out adjacent to an existing operating facility.

Mainline block valve assemblies would be installed along the pipeline at intervals specified in the DOT regulations. They would be fenced as necessary to protect them from damage and vandalism.

2.3.4 Corrosion Protection and Detection Systems

The corrosion prevention and detection system prescribes the minimum requirements for the protection of metallic facilities from external, internal, and atmospheric corrosion. FGT would install cathodic test stations at one-mile intervals. FGT's cathodic protection system would consist of both internal and external corrosion analyses. For internal analysis, the gas would be checked at the upstream end of the system for low water content and percentage of contaminants within the gas stream. If gas is found to be corrosive, the appropriate action would be taken. FGT anticipates that the gas transported at these locations would be dry and free of corrosive matter and within the limits of FGT's quality specifications. Therefore, no further action would be needed.

Cathodic protection at the compressor stations would consist of the installation of a rectifier with a distributed ground bed throughout the station yard piping. This installation would be made after construction has been completed. The rectifier would be sized according to the current requirement test conducted with all underground piping in place. Because FGT's compressor stations are not isolated from the pipeline, FGT would be cathodically protecting the entire system as one unit.

At the nearest NSA (NSA 2), the existing L_{dn} is 53.6 dBA. The predicted L_{dn} noise level at NSA 2 for the new compressor unit and gas coolers was calculated to be about 44.4 dBA. At NSA 2, the proposed modifications would result in an increase of 0.5 dBA, and a new total compressor station L_{dn} of 54.1 dBA. Noise levels at other nearby NSAs should be lower since noise typically decreases with increasing distance. Because the noise level would be below the 55 dBA L_{dn} limit established by the FERC, no significant impact is expected.

Compressor Station 12A

FGT proposes to install one Pignone PGT10B/PCL 502 gas turbine/compressor at Compressor Station 12A, increasing the compression at the facility by 18,350 hp to a total station compression of 42,800 hp. FGT would use inlet and exhaust mufflers on the turbine and install it in an acoustically treated compressor building. FGT would also install three GEA Rainey gas coolers to the existing cooling bank.

At the nearest NSA (NSA 1), the existing noise level is 48.0 dBA. The predicted L_{dn} for the new equipment at NSA 1 is 42.0 dBA. The proposed modifications would result in an increase of 1.0 dBA, and a new total compressor station total of 49.0 dBA. Because this level would be below the 55 dBA L_{dn} limit established by the FERC, no significant impact is expected. Vibration levels at NSA 1 would be unaffected.

TABLE 3.11.2-2
Summary of Expected Noise Levels at the Phase V Expansion Project Facilities

Compressor Station	Nearest NSA	Distance (feet)/ Direction	Existing L_{dn} (dBA)	Phase V Additional L_{dn} (dBA)	Total L_{dn} (dBA)	Noise Increase (dBA)
ALABAMA						
11A	NSA 2	1,150/east	53.6	44.4	54.1	0.5
44	NSA 1	1,080/northeast	48.1	48.8	51.5	3.4
FLORIDA						
12A	NSA 1	1,600/northeast	48.0	42.0	49.0	1.0
13A	NSA 1	1,250/northeast	54.4	42.7	54.7	0.3
14A	NSA 1	2,400/southwest	47.0	45.5	49.3	2.3
15A	NSA 2	950/east	51.4	42.6	51.9	0.5
16	NSA 1	1,600/southeast	49.1	41.0	49.7	0.6
17	NSA 1	10,000/southwest	45.0	25.1	45.0	0.0
24	NSA 1	1,900/southeast	49.8 a/	+2.7	52.5	2.7
26	NSA 1	1,200/southeast	53.3 a/	+0.3	53.6	0.3
27	NSA 1	1,380/northwest	52.8	42.8	53.2	0.4
31	NSA 1	520/northeast	45.0	55.3	55.7	10.7

a/ Noise levels predicted from the final EIS for the FGT Phase IV Project.

Compressor Station 13A

FGT proposes to add two GE-TS motor driven compressors inside of a new compressor building at Compressor Station 13A, increasing the compression at the facility by 24,000 hp to a total station compression of 36,700 hp. The compressor units would be installed in an acoustically treated building. In addition, FGT proposes to add five GEA Rainey gas coolers to the existing cooling bank.

3.0 ENVIRONMENTAL ANALYSIS

At the nearest NSA (NSA 1), the existing L_{dn} noise level is 54.4 dBA. The predicted L_{dn} for the new equipment is 42.7 dBA. The proposed modifications would result in an increase of 0.3 dBA, and a new total compressor station total of 54.7 dBA. Because this is below 55 dBA L_{dn} , no significant impact is expected.

Compressor Station 14A

FGT proposes to install one Pignone PGT10B/PCL 502 gas turbine/compressor at Compressor Station 14A, increasing the compression at the facility by 18,350 hp to a total station compression of 41,400 hp. FGT would use inlet and exhaust mufflers on the turbine and install the unit in an acoustically treated compressor building. FGT also would add three GEA Rainey gas coolers to the existing cooling bank.

At the nearest NSA (NSA 1), the existing L_{dn} noise level is 47.0 dBA. The predicted L_{dn} for the new equipment is 45.5 dBA at NSA 1. The proposed modifications would result in an increase of 2.3 dBA, and a new total compressor station total of 49.3 dBA. Because this is below 55 dBA L_{dn} , no significant impact is expected.

Compressor Station 15A

FGT proposes to add one Rolls Royce CR501-KC7/RFA-27 turbine-driven compressor unit at Compressor Station 15A, increasing the compression at the facility by 7,300 hp to a total station compression of 34,000 hp. FGT would use inlet and exhaust silencers on the turbine and install the compressor unit in an acoustically treated compressor building. In addition, FGT would add two GEA Rainey gas coolers to the existing cooling bank.

At the nearest NSA (NSA 2), the existing L_{dn} noise level is 51.4 dBA. The predicted L_{dn} for the new equipment is 42.6 dBA at NSA 2. The proposed modifications would result in an increase of 0.5 dBA, and a new total compressor station total of 51.9 dBA. Because this level would be below 55 dBA L_{dn} , no significant impact is expected.

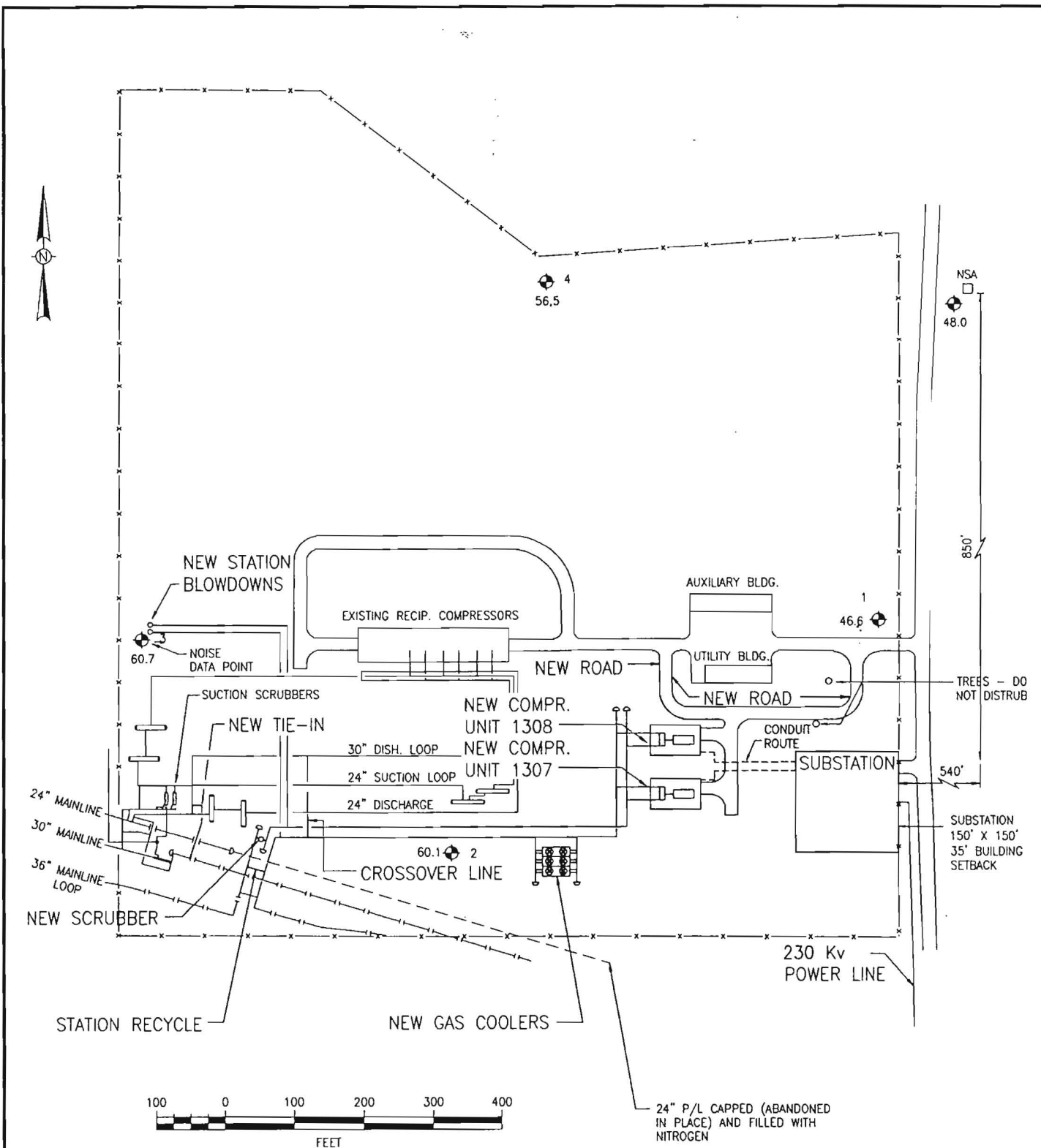
Compressor Station 16

FGT proposed to add one Rolls Royce CR501-KC7/RFA-27 turbine compressor at Compressor Station 16, increasing the compression at the facility by 7,200 hp to a total station compression of 21,200 hp. FGT would use inlet and exhaust mufflers on the turbine and install the unit in an acoustically treated compressor building. In addition, FGT would add four GEA Rainey gas coolers to the existing cooling bank.

At the nearest NSA (NSA 1), the existing L_{dn} noise level is 49.1 dBA. The predicted L_{dn} for the new equipment is 41.0 dBA at NSA 1. The proposed modifications would result in an increase of 0.6 dBA, and a new total compressor station total of 49.7 dBA. Because this level would be below 55 dBA L_{dn} , no significant impact is expected.

Compressor Station 17

FGT proposes to install one Pignone PGT10B/PCL 502 gas turbine/compressor at Compressor Station 17, increasing the compression at the facility by 15,700 hp to a total station compression of 26,100 hp. FGT would use inlet and exhaust mufflers on the turbine and install it in an acoustically treated compressor building. In addition, FGT would add five GEA Rainey gas coolers to the existing cooling bank.



NOISE DATA:

Avg. 4-15 Sec.

LEQ taken 4 p.m. 10/26/98

Temp. 65°F Light Rain

Wind: 5-12 MPH S

FLORIDA GAS TRANSMISSION COMPANY

PROPOSED FGT PHASE V
COMPRESSOR STATION NO. 13A
PLOT PLAN

DWG. NO.

462-V-3

9/15/00

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.**LARGE POWER SERVICE****RATE SCHEDULE LP****RATE CODE E**

AVAILABILITY: Available for large commercial and industrial power service located within the Cooperative's area, having a capacity requirement of at least 500 kVA, subject to the established rules and regulations of the Cooperative. No standby or auxiliary service provided.

CHARACTER OF SERVICE: Three-phase, 60 Hertz, at secondary voltage.

MONTHLY RATE:

Customer Charge:	\$105.00 per Meter
Plus	
Base Demand Charge:	\$11.25 per kVA of Billing Demand
Plus	
Energy Charge:	\$0.0211 per kWh
Plus	
Fuel Charge	\$(0.0003) per kWh

MINIMUM CHARGE: In consideration of the Cooperative to furnish service, a minimum monthly charge shall be rendered equal to the Customer Charge plus the Demand Charge.

DETERMINATION OF BILLING DEMAND: The Billing Demand shall be the maximum kVA demand established by the Consumer for any period of fifteen (15) consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter, but in no event less than seventy five (75%) of the highest demand established during the preceding eleven (11) months.

PRIMARY VOLTAGE DISCOUNT: When the Cooperative renders service under this Rate Schedule at the local primary distribution voltage and any transformers required are furnished by the Consumer, the monthly rate will be subject to a discount of \$18.38 plus \$0.26 per kVA of billing demand as determined above. A discount of one percent (1%) of the demand charge, energy charge, and fuel charge will also be included in the monthly billing.

In no event shall the primary voltage discount reduce the minimum monthly bill specified above.

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

LARGE POWER SERVICE

(Continued)

BILLING

ADJUSTMENTS:

(1) Wholesale Cost Adjustment:

This rate is based on the wholesale supplier's Rate Schedule P-14. Whenever this rate changes, this rate shall also change by increasing or decreasing the applicable unit charge by the change in the wholesale rate as indicated in the formula below. The customer shall be notified of any changes within ten (10) days of the official notification from the wholesale supplier.

$$\text{Adjustment} = (\text{Existing Charge} - \text{New Charge}) * 1.09$$

(2) Tax Adjustment:

The franchise fee set by each municipality is billed monthly by the cooperative to each affected customer.

(3) Municipal Franchise Fee Adjustment:

The franchise fee set by each municipality is billed monthly by the Cooperative to each affected customer.

TERMS OF PAYMENT: Bills are due and payable when rendered and become delinquent if not paid within fifteen (15) days of the billing date of each month. After accounts become delinquent, written notice is provided and service may be disconnected after six (6) days if payment is not received.

Exhibit No. ____ (MAC-1)
West Florida Electric Cooperative Association, Inc.
Docket No. 010441-EU
Attachment No. 1
Page 1 of 3

Experience and Qualifications

I received a Bachelor of Science degree in Business Administration in 1980 and a Master of Business Administration degree in Finance in 1981, both from Florida State University. Upon graduation I accepted a planning analyst position with Flagship Banks, Inc., a bank holding company. As a planning analyst, my duties included merger and acquisition analysis, lease-buy analysis, branch feasibility analysis, and special projects. In 1983, I accepted a regulatory analyst position with the Florida Public Service Commission. As a regulatory analyst, I provided in-depth analysis of the cost of equity and required overall rate of return in numerous major and minor rate cases. I reviewed and analyzed the current and forecasted economic conditions surrounding those rate cases and applied financial integrity tests to determine the impacts of various regulatory treatments. I also co-developed an integrated spreadsheet model which links all elements of a rate case and calculates revenue requirements. I received a meritorious service award from the Florida Public Service Commission for my contributions to the development of that model.

In February 1987, I was promoted to Chief of the Bureau of Finance. In that capacity I provided expert testimony on the cost of common equity, risk and return, corporate structure, capital structure, and industry structure. I provided technical guidance to the Office of General Counsel regarding the development of financial rules and regulations. In addition, I authored the Commission's rules regarding diversification and affiliated transactions, chaired the Commission's Committee on Leveraged Buyouts, supervised the finance bureau's regulatory analysts, co-developed and presented a seminar on Exhibit No. ____ (MAC-1) public utility regulation to help educate the Florida Public Service Commission attorneys and provided technical expertise to the Commission in all areas public utility finance for all industries.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EU EXHIBIT NO. 12
COMPANY/
WITNESS: Fischette
DATE: 9-19-01

In February 1990, I accepted the position of Chief of Arbitrage Compliance in the Division of Bond Finance, Department of General Services. As Manager of the Arbitrage Compliance Section, I was responsible for assuring that over \$16 billion of State of Florida tax-exempt securities remained in compliance with the federal arbitrage requirements enacted by the Tax Reform Act of 1986. I provided investment advice to trust fund managers on how to maximize yields while remaining in compliance with the federal arbitrage regulations. I designed and implemented the first statewide arbitrage compliance system which included data gathering, financial reporting, and computation and analysis subsystems.

In July 1990, I founded Cicchetti & Company. Through Cicchetti & Company I provided financial research and consulting services, including the provision of expert testimony, in the areas of public utility finance, economics, and regulation. Topics I have testified on include cost of equity, capital structure, corporate structure, regulatory theory, cross-subsidization, industry structure, the overall cost of capital, incentive regulation, the establishment of the leverage formula for the water and wastewater industry, reconciling rate base and capital structure, risk and return, and the appropriate regulatory treatment of construction work in progress, used and useful property, construction cost recovery charges, and the tax gross-up associated with contributions-in-aid-of-construction.

In January 2001, I joined C.H. Guernsey & Co. as a Senior Financial Consultant and Manager of the Tallahassee, Florida Office.

In 1985, I was certified by the Florida Public Service Commission as a Class B Practitioner in the areas of finance and accounting.

In June, 1985, I published an article in Public Utilities Fortnightly titled "Reconciling Rate Base and Capital Structure: The Balance Sheet Method." In September 1986, I was awarded third place in the annual, national, Competitive Papers Session sponsored by Public Utilities Reports, Inc., in

Exhibit No. _____(MAC-1)
West Florida Electric Cooperative Association, Inc.
Docket No. 010441-EU
Attachment No. 1
Page 3 of 3

conjunction with the University of Georgia and Georgia State University, for my paper titled "The Quarterly Discounted Cash Flow Model, the Ratemaking Rate of Return, and the Determination of Revenue Requirements for Regulated Public Utilities." An updated version of that paper was published in the June 1989 edition of the National Regulatory Research Institute Quarterly Bulletin. I subsequently served twice as a referee for the Competitive Papers Sessions. On June 15, 1993, I published an article on incentive regulation in *Public Utilities Fortnightly* titled "Irregular Incentives." I am a past President and past member of the Board of Directors of the Society of Utility and Regulatory Financial Analysts (ASURFA®). I was awarded the designation Certified Rate of Return Analyst by SURFA in 1992. I am a member of the Financial Management Association International and have been listed in Who's Who in the World and Who's Who in America. I have made public utility and finance related presentations to various groups such as the Southeastern Public Utilities Conference, the National Society of Rate of Return Analysts, the National Association of State Treasurers, and the Government Finance Officers Association.

AFFIDAVIT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this date personally appeared Chris Hilgert, who, after being placed by me upon his oath stated as follows:

1. My name is Chris Hilgert. I am over twenty-one (21) years of age, and am fully competent to make this affidavit. I am Director of the Enron Compression Services group at Enron North America Corp. I have personal knowledge of the facts set forth in this affidavit, and those facts are true and correct.
2. Enron Compression Services Company ("ECS") has entered into a Compression Services Agreement (the "CSA") with Florida Gas Transmission Company ("FGT"). Pursuant to the CSA, FGT will purchase from ECS continuous mechanical energy delivered to FGT via an electric motor drive train for the operation of FGT's Compression Station 13A.
3. If ECS fails to fulfill its obligations under the CSA and interrupts the delivery of mechanical energy, for reasons other than force majeure, then ECS would be in default and would be liable to FGT for damages under the CSA including reimbursing FGT for (i) any reservation credits that FGT would be obligated to refund their shippers due to such interruption (ii) any other costs and expenses incurred by FGT in its efforts to procure compression services. The CSA has a 20-year term.
4. Under the terms of an equipment lease agreement between FGT and ECS, FGT is responsible for the design and construction of the electric motor drive train. ECS leases the electric motor drive train from FGT and ECS provides mechanical energy to FGT through that drive train. The term of the equipment lease coincides with the term of the CSA.
5. ECS is a third party provider with respect to FGT and ECS may not function as an agent of FGT under the terms of the CSA.

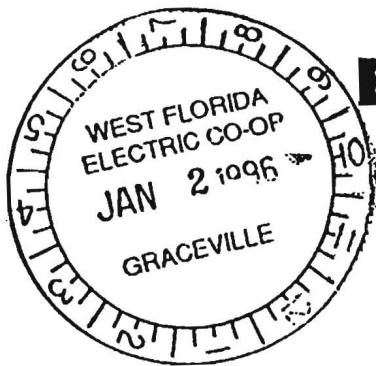
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EL EXHIBIT NO. 13
COMPANY/ Dangerberg
WITNESS. 9-19-01
DATE: _____

6. ECS is wholly owned by Enron North America Corp. Enron North America Corp. is wholly owned by Enron Corp. Florida Gas Transmission Company is wholly owned by Citrus Corp. Citrus Corp. is owned by Enron Corp. and by El Paso Energy Corporation. Enron Corp. and El Paso Energy Corporation each have a 50% share of Citrus Corp.

Chris Hilgert

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority on this
_____ day of _____, 2001.

Notary Public in and for the
State of Texas



ENRON CAPITAL & TRADE
RESOURCES
WORLDWIDE ENERGY SOLUTIONS

December 22, 1995

Mr. Jerry W. Smith
Executive Vice President
& General Manager
West Florida Electric Cooperative
P.O. Box 127
Graceville, Florida 32440-0127

Dear Mr. Smith:

Thank you very much for the proposal to provide electric service for the proposed incremental horsepower requirements at Florida Gas Transmission's (FGT) compressor station located near Caryville, Florida. After reviewing your proposal, several points came to light that should be clarified. Also, several questions came to mind that I would appreciate your organization looking at and answering for Enron Capital & Trade Resources' (ECT) use in analyzing your proposal.

For clarification purposes, please refer to the following items that vary slightly from information discussed at our November 20, 1995, meeting or points mentioned within West Florida Electric Cooperative's (WFEC) proposal dated December 8, 1995. The proposed incremental electric load being considered for this project is strictly a new load associated with the installation of an incremental drive and compressor set at FGT's compressor station. The power load being contemplated is not a conversion of any existing natural gas load at FGT's station. This proposed new horsepower will be utilized to compress natural gas on FGT's recently installed 36-inch pipeline, and not be utilized for transmitting coal slurry. Also, the size of the electric motor that has been specified to satisfy the proposed requirements of the project is 7,500 horsepower, with a 1.15 service factor.

WFEC's proposal refers to the proposed rate information as "estimates", and subject to approvals by WFEC and the Rural Utilities Service. Regarding WFEC's rate estimates, ECT is wondering:

- whether Rate Schedule LPH is a currently effective rate that can be immediately offered by WFEC, or a new rate methodology developed specifically for this project?
- whether WFEC's rate estimates include dollars, fees or charges associated with incremental facilities (c.g., substation, transmission line) required for this project?
- if the rate estimates do include charges associated with incremental facilities, what is the associated rate impact(s) caused by those charges, and resulting rate estimates if the rates do not include incremental facility surcharges?
- if there are any potential rate or fee implications to ECT if FGT does not maintain a 75% annual load factor during the term of service under Rate Schedule LPH?
- if it is possible to develop or agree on a rate structure that would allow for specific up-front, all-in rates for the term of any possible agreement?

Will you please provide me with historical Energy Charge Adjustment information pursuant to Alabama Electric Cooperative's (AEC) Fuel and Power Cost Adjustment Charge. Also, since ECT's power cost requirements for this project are already below the WFEC rate estimates included in your proposal, is it possible this adjustment not be passed through to ECT during the term of any possible agreement?

Similarly, is there any information available that would shed light on possible Wholesale Rate Adjustment's from AEC during the term of any possible agreement? Again, since ECT's power cost requirements for this project are already below the WFEC rate estimates included in your proposal, is it possible this adjustment not be passed through to ECT during the term of any possible agreement?

Thank you again for your interest and consideration regarding this exciting opportunity for WFEC, AEC and ECT. ECT appreciates your efforts in developing your proposal and looks forward to receiving your reply regarding the questions outlined in this letter.

If you have any questions or comments, please call me at your convenience at 713/853-6074.

Sincerely,



David H. Brown
Dir., Enron Compressor Services

DHB/tw
Ref: D095122

cc: Jim Brook, Alabama Electric Cooperative, Inc. (Via Fax)
Cheryl Perchal, Enron Capital & Trade Resources
Paul Wielgus, Enron Capital & Trade Resources

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Territorial Dispute Docket No.: 010441-EU
Between West Florida
Electric Cooperative
Association, Inc. and Gulf Date Filed:
Power Company In August ____, 2001
Washington County, Florida

ORAL DEPOSITION OF

CHRIS HILGERT

SEPTEMBER 11, 2001

ORIGINAL

ORAL DEPOSITION OF CHRIS HILGERT, produced as a witness at the instance of West Florida Electric Cooperative Association, Inc., and duly sworn, was taken in the above-styled and numbered cause on September 11, 2001, from 10:57 a.m. to 11:51 a.m., before Amy D. Ferro, CSR in and for the State of Texas, reporting by machine shorthand, at the offices located at 4545 Post Oak Place, Suite 350, Houston, Texas, pursuant to the Texas Rules of Civil Procedure and the provisions stated on the record or attached hereto.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010441-EU EXHIBIT NO. 14
COMPANY/ Hilgert
WITNESS: Hilgert
DATE: 9-19-01

BARRISTER RECORDS & REPORTING, INC.

A P P E A R A N C E S

FOR WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION,
INC.:

(via telephone)
CHANDLER, LANG HASWELL & COLE, P.A.
Mr. John H. Haswell
211 NE 1st Street
Post Office Box 23879
Gainesville, Florida 32602
352.376.5226

FOR ENRON COMPRESSION SERVICES:

KATZ, KUTTER, HAIGLER, ALDERMAN,
BRYANT & YON, P.A.
Mr. Bill L. Bryant, Jr.
106 East College Avenue, 12th Floor
Tallahassee, Florida 32301
850.224.9634

ENRON NORTH AMERICA CORP.:
Mr. Gerald R. Nemec
1400 Smith Street
Houston, Texas 77002-7361
713.853.3512

FOR GULF POWER COMPANY:

(via telephone)
BEGGS & LANE
Mr. Russell Badders
Mr. Jeff Stone
3 West Garden Street
Pensacola, Florida 32501
850.432.2451

FOR FLORIDA GAS TRANSMISSION:

(via telephone)
LEWIS, LONGMAN & WALKER
Ms. Anne Longman
125 S. Gadsden Street, Suite 300
Tallahassee, Florida 32301
850.222.5702

1 FOR THE COMMISSION STAFF OF FLORIDA PUBLIC:

2 (via telephone)
3 COMMISSION STAFF OF FLORIDA PUBLIC
4 Ms. Marlene Stern
5 2540 Shumard Oak Boulevard
6 Tallahassee, Florida 32399
7 850.413.6230

8 FOR WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION,
9 INC.:

10 (via telephone)
11 C.H. GUERNSEY & COMPANY
12 Mr. Mark Cicchetti
13 2931 Kerry Forest Lane, Suite 202
14 Tallahassee, Florida 32309
15 850.906.9229

16 ALSO PRESENT: (via telephone)

17 Russell Dunaway
18 Gary Clark
19 Bill Rimes
20 David Wheeler
21 Elizabeth Draper
22 Daniel Lee
23 Jim Breman
24
25

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EXHIBITS

(None Marked)

1 MR. HASWELL: John Haswell, and I
2 represent West Florida Electric Cooperative
3 Association, Inc.

4 For the record, I just want to state
5 that Mr. Bryant and I agreed to change a deposition
6 scheduled for September 7th in Tallahassee to one by
7 telephone so that Mr. Hilgert and his folks can stay
8 in Houston and not have to come all the way to
9 Florida.

10 Is that accurate, Bill?

11 MR. BRYANT: Well, it's that plus
12 scheduling.

13 MR. HASWELL: Yes, scheduling.

14 MR. BRYANT: Scheduling in addition to
15 just the trip. Now I really wish that we were doing
16 it in Tallahassee so I didn't have to --

17 MR. HASWELL: And I understand that.
18 And, again, this is pursuant to an amended notice of
19 taking deposition that we sent out to the parties.
20 So, at this time I think it would be appropriate for
21 the court reporter to swear in the witness.

22 CHRIS HILGERT,
23 was called as a witness and, having been duly sworn,
24 was examined and testified as follows:
25

1 EXAMINATION

2 BY MR. HASWELL:

3 Q. Mr. Hilgert, my name is John Haswell, again;
4 and I represent West Florida Electric Cooperative
5 Association. And I if ask you any questions you don't
6 understand, I'd appreciate it if you'd let me know and
7 I'll do my best to restate it. Would you do that for
8 me?

9 A. Yes.

10 Q. Okay. And for the record, please state your
11 name and business address.

12 A. My name is Chris Hilgert. My business
13 address, Enron at 1400 Smith Street, Houston, Texas
14 77002.

15 Q. Thank you, sir. And what is your current
16 occupation and by whom are you employed?

17 A. I am employed by Enron North America Corp. I
18 am a director heading up the Enron Compression
19 Services Group.

20 Q. Okay. When was Enron -- excuse me. What is
21 Enron Compression Services Group?

22 A. Enron Compression Services Company is a
23 wholly-owned subsidiary of Enron North America Corp.
24 The -- we have eight employees working for Enron
25 Compression Services and our focus is to provide

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1 mechanical energy, horsepower services to a variety of
2 different people, different companies in different
3 industries for their benefit.

4 Q. Okay. Let's go back a minute. You mentioned
5 the word group. Is it a group or is it a company or a
6 separate corporation?

7 A. There is a company that is a wholly-owned
8 subsidiary of Enron North America Corp. and we all
9 work for that company and --

10 MS. STERN: Hello?

11 MR. HASWELL: Okay. Somebody just
12 joined us.

13 MS. STERN: This is Marlene Stern.

14 (Off-the-record discussion.)

15 MS. STERN: Just for your information,
16 we have in the room here, David Wheeler, Elizabeth
17 Draper, Daniel Lee, Jim Breman. Could you just tell
18 me where you are?

19 MR. HASWELL: We just started the
20 preliminaries. Mr. Hilgert identified himself and we
21 were just discussing what Enron Compression Services
22 is.

23 MS. STERN: All right. We'll just keep
24 it on mute for now. Thank you.

25 Q. (By Mr. Haswell) Can you tell me,

1 Mr. Hilgert, when was ECS created?

2 A. Well, let me finish my answer to the previous
3 question.

4 Q. Okay.

5 A. There are eight people, including myself,
6 that work full time directly for Enron Compression
7 Services.

8 Q. Okay.

9 A. And the company was formed in, I believe,
10 November of 1998.

11 Q. Now, was that formed in Texas or where was it
12 first incorporated?

13 A. I believe that's -- it was incorporated in
14 Delaware.

15 Q. And it is registered to do business in
16 Florida?

17 A. Yes.

18 Q. What would you say the corporate purpose of
19 Enron Compression Services Company is?

20 A. Enron Compression Services is in the business
21 to provide mechanical energy to our clients and doing
22 that in a manner that best fits their underlying
23 process, be it a pipeline, be it a gas processing
24 business, whatever the horsepower is used in, and in
25 custom fitting the energy contract to fit that

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1 underlying process to create the most value for the
2 customer as well as giving them the opportunity to pay
3 for that service in commodities as well as cash.

4 Q. Okay. In the filing that you-all did with
5 the Secretary of the State of Florida, there's a
6 statement of purpose. And let me just read this to
7 you and see if you agree that this is correct: The
8 purpose of Enron Compression Services Company is the
9 arranging -- excuse me -- arranging the marketing,
10 packaging, financing, hedging and related services for
11 the sale of natural gas compression services that
12 employ electric-powered motor-driven compressors.

13 Is that an accurate statement?

14 A. I would say yes.

15 Q. Okay. Now, you mentioned that you have --
16 you mentioned other clients. As of November 1998 on
17 the date that this corporation was organized, how many
18 customers did you have ready to use your services?

19 A. I don't know. I can't answer that.

20 Q. Okay. Would it be fair to say the Florida
21 Gas Transmission was one of them?

22 A. I don't -- I don't know.

23 Q. Okay. When did ECS first determine that it
24 would provide services to what's been identified as
25 station 13A in Washington County, Florida?

1 A. I believe that there was a bid process that
2 we entered into; and we decided we were going to move
3 forward, I think, towards the end of 1998.

4 Q. Could you tell us what that bid process was?

5 A. It was a process to request compression
6 services, the installation of horsepower for this
7 particular compression station.

8 Q. So, you were making your bids to Florida Gas
9 Transmission?

10 A. That is correct.

11 Q. Okay. Did Florida Gas Transmission ask for
12 your services, or did you offer them to Florida Gas
13 Transmission?

14 A. I was not around at the time. I would assume
15 that since there was a bid process that we were asked
16 for those services.

17 Q. By Florida Gas Transmission?

18 A. Yes.

19 Q. Okay. Now, in ECS's informal answers to West
20 Florida's interrogatories, I don't know whether that
21 was you that answered those or not, but ECS said that
22 the first contact with West Florida about electric
23 service was a phone call to West Florida's general
24 number in December of 1998. Would that be correct?

25 A. I believe that's correct, yes.

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1 Q. Was ECS created initially to provide electric
2 service for Station 13A?

3 A. No.

4 Q. Okay. Does ECS provide -- I think you've
5 already answered this. Does ECS provide services to
6 any other compression station?

7 A. Yes.

8 Q. On this same pipeline?

9 A. No.

10 Q. What other pipelines would it be serving?

11 A. To date, we have three deals that have been
12 completed, the one deal was done with Houston
13 Pipeline, which is a -- owned by American Electric
14 Power; and we did a deal around a set of storage
15 associated with that. There was a deal that was done
16 on the Transwestern Pipeline in New Mexico and there
17 was a deal done on the Northern Natural Gas Pipeline
18 in Iowa.

19 Q. So, with the -- with the Station 13A you've
20 got four deals going?

21 A. That's correct.

22 Q. Are they all involving using electricity to
23 drive motors to produce mechanical energy?

24 A. Yes.

25 Q. Okay. So that right now ECS provides only

1 electric power compression services; is that correct?

2 A. To date, yes.

3 Q. Okay. You've prepared an affidavit or at
4 least it has your name at the end but -- and you
5 haven't signed it, of course -- but in that affidavit
6 it says that ECS entered into a contract with Florida
7 Gas Transmission -- hang on, let me find what I did
8 with my affidavit.

9 MR. BRYANT: And while you're doing
10 that, let me just make the point -- this is Bill
11 Bryant -- John, that we prepared that affidavit as a
12 draft. It wasn't signed because we didn't consider it
13 complete and we submitted that to you for your
14 clients' review and for your clients' comment on
15 additional things that they would like to -- to know.

16 MR. HASWELL: That is correct.

17 MR. BRYANT: So, we never submitted it
18 as a complete document.

19 Q. (By Mr. Haswell) Right. But in there it
20 says that "FGT will purchase from ECS continuous
21 mechanical energy delivered to FGT via an electric
22 motor drive train for the operation of FGT's
23 compression Station 13A."

24 And again, I'm going to tell you I'm not
25 an electrician or an engineer. What is an electric

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1 motor drive train?

2 A. An electric motor drive train is in a
3 compression installation you typically have a
4 compressor and then you also have what's called a
5 driver, which is the device that's responsible for
6 transferring the mechanical energy to the compressor.
7 The electric -- that electric motor drive train
8 includes an electric motor, it includes the shaft to
9 transfer the energy, and any of the appropriate
10 control housing mechanisms that manage the delivery of
11 that mechanical energy to the compressor.

12 Q. Okay. But it doesn't -- it does not include
13 the compressor?

14 A. No.

15 Q. So, essentially you operate an electric motor
16 to turn a shaft that turns the customer's compressor?

17 A. We provide mechanical energy across that
18 shaft.

19 Q. Okay. Mechanical energy, mechanical power,
20 is that the same thing?

21 A. If you're asking as in powers and electrical
22 power, no.

23 Q. What would be the difference?

24 A. Well, mechanical energy is the transference
25 of potential energy into kinetic energy across the

1 shaft that's used for the purposes of compressing
2 natural gas. Electric power is generated by a
3 difference in voltage and is generated at some other
4 site and delivered to the motors so that it has the
5 capability to do that.

6 Q. So, essentially you take electric energy and
7 convert to mechanical power?

8 A. That's exactly right.

9 Q. And would it be fair to say that you refer to
10 that in terms of horsepower?

11 A. That is correct.

12 Q. Okay. The unit of power that you're selling
13 to Florida Gas Transmission would be horsepower?

14 A. That is correct.

15 Q. Okay. And then we've heard described ECS as
16 an energy converter?

17 A. I guess that could be construed. I'm -- I
18 would suppose.

19 Q. Okay.

20 MR. BRYANT: Now, wait a minute. I'm
21 going to object to that. That's your characterization
22 of it, John, and that may be a way to describe it but
23 clearly the witness is uncomfortable with that
24 description.

25 MR. HASWELL: Well, he can answer any

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1 way he wants. If he says he supposes that's correct,
2 then that's fine with me.

3 A. I wouldn't suppose I guess that that's
4 correct. I guess I would say then that's your
5 interpretation of what we do but that's not -- I think
6 that is drawing a far too narrow a classification as
7 to what we do.

8 Q. (By Mr. Haswell) Okay. Well, my -- actually
9 what my opinion is about what you're doing is totally
10 irrelevant. It's what you say it is.

11 A. Okay. Well, what we do is much broader than
12 that.

13 Q. Okay. But one of the functions of ECS is to
14 convert electric energy to mechanical energy; is that
15 correct? Would that be a fair --

16 A. That is one of the processes that is
17 occurring here.

18 Q. Now, between FGT and ECS who bears the
19 cost -- or the risks, excuse me -- who bears the risk
20 of rising electric costs?

21 A. We do.

22 Q. We being ECS?

23 A. We being ECS, not FGT.

24 Q. So, you've got a fixed price for the
25 horsepower you're selling?

1 A. Yes.

2 Q. And even if your own electric costs go up,
3 you don't pass those on to Florida Gas Transmission?

4 A. That is correct.

5 Q. Does ECS have any arrangements for service to
6 Station 13A other than the CSA that you referred to in
7 that draft affidavit?

8 A. I'm sorry. Would you repeat the question?

9 Q. Okay. Does ECS have any other arrangements
10 for service to Station 13A other than the compression
11 services agreement, what you call the CSA, and
12 including the agreement between ECS and Gulf Power
13 Company?

14 A. No.

15 Q. Okay. Hang on just a minute. I think I'm
16 just about through.

17 Will the provision of service to Station
18 13A by Gulf Power, the electric service, affect any
19 other contractual relationship between ECS and anyone
20 else?

21 A. No.

22 Q. Okay.

23 A. We are their customer.

24 Q. All right. What other contractual
25 arrangements does ECS have with Gulf Power regarding

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1 this service?

2 A. None other than the delivery of electric
3 power.

4 Q. Okay. And that's the main contract between
5 Gulf Power and ECS, and just kind of referring to your
6 attorney --

7 MR. HASWELL: Bill, that's the one that
8 has been set for confidential treatment?

9 MR. BRYANT: Yes.

10 MR. HASWELL: Okay.

11 MR. BRYANT: And I've told the witness
12 that he's not to speak to that since we're
13 contractually bound.

14 MR. HASWELL: Right.

15 Q. (By Mr. Haswell) But just on the
16 identification of that contract, is there are no
17 others besides that one between ECS and Gulf right
18 now?

19 A. No.

20 Q. Okay. Does ECS provide -- I'm sorry. You've
21 already answered this. You only have those four deals
22 going.

23 Did Gulf Power make any representations,
24 to your knowledge, that would lead or have led ECS to
25 believe that the only power supplier to Station 13A

1 was Gulf Power?

2 A. No.

3 Q. All right. Did Gulf Power tell you that this
4 was -- or excuse me -- that there was another electric
5 service provider in the area?

6 A. No, it wasn't really brought up.

7 Q. Okay. Was ECS aware that the current station
8 13A was being served by West Florida Electric
9 Cooperative?

10 A. I was made aware of the fact afterwards.

11 Q. Afterwards -- after you signed the contract
12 with Gulf?

13 A. Yes.

14 Q. And who made you aware of that?

15 A. I can't recall how I became aware of that.

16 Q. Okay. Now, referring to Paragraph 3 of the
17 affidavit, the unsigned affidavit, I'm just using that
18 as a shorthand way of asking some questions, what
19 would cause -- you refer to a failure of ECS to
20 fulfill its obligation, in other words, if it does
21 other than for force majeure ECS would be at default.
22 What events would lead ECS to stay and fulfill its
23 obligations under this CSA?

24 A. Our inability to deliver mechanical energy.

25 Q. And what would cause that?

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1 A. There are a variety of things that could
2 cause that, whether the equipment fails or the
3 electric power is not able to be delivered into the
4 station, if there's a variety of different things that
5 could cause that to occur.

6 Q. Okay. And what happens to -- does FGT do
7 when you -- when a failure occurs?

8 A. I'm not at liberty to discuss that as we're
9 protected -- we have to protect the confidentiality of
10 our customer per the agreements that we've entered
11 into.

12 Q. Okay. So, your agreement basically says that
13 any backup or any other options that FGT has are
14 confidential?

15 A. The terms and conditions of the agreement are
16 confidential.

17 Q. Hang on just a second. Will the electric
18 motors installed for your electric drive train going
19 to pumping Station 13A operate in concert with the gas
20 compression motors at Station 13 by providing
21 compression to the pipeline of Florida Gas
22 Transmission?

23 A. I couldn't comment on that.

24 Q. So, you don't know whether they're connected
25 in any way?

1 A. To my knowledge they're not.

2 Q. Okay. Are there more than -- are we talking
3 about more than one pipeline?

4 A. Not to my knowledge.

5 Q. Okay. Do you know what Station 13A does with
6 respect to the -- to the pipeline?

7 A. My understanding is that it adds horsepower
8 for the purposes of increasing the pressure of the gas
9 to move it down the pipeline moving down Florida's --
10 the pipeline into Florida, FGT's pipeline into
11 Florida.

12 Q. Okay. And what would be the purpose of
13 Station 13A with that same pipeline?

14 A. To add incremental pressure to the pipeline
15 over and above what's already available.

16 MR. BRYANT: And, John, this is Bill
17 Bryant. I want to issue a general objection. What
18 FGT's processes are and how those things work, both
19 because of the confidentiality agreements
20 contractually that we have with them, as well as the
21 fact that they're a separate company, they do a
22 different thing, we don't want to be in the position
23 to try to speak for them or guess about, you know,
24 what their alternatives are or what their processes
25 are.

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1 MR. HASWELL: I understand, Bill, and
2 all I'm really asking Mr. Hilgert is what does he know
3 about what Station 13 does and what Station 13A does.

4 A. And that's the extent to which I know because
5 those are not designed. They're decisions that are
6 made as a part of Enron Compression Services that's
7 FGT's responsibility.

8 Q. (By Mr. Haswell) Okay. Now, and you may
9 have answered this before but I'm just asking this a
10 different way. ECS will then bill Florida Gas
11 Transmission for horsepower used by FGT?

12 A. That is correct.

13 Q. Okay. Now, who will construct and own the
14 buildings and facilities where your electric drive
15 train motors are going to be located?

16 A. Florida Gas Transmission will.

17 Q. And Florida Gas Transmission is also
18 responsible for the obtaining or constructing and
19 obtaining or putting the motors in place?

20 A. That is correct.

21 Q. Will the employees operating the pumping
22 station work for Florida Gas Transmission or ECS?

23 A. The ones that are working for the services of
24 operating the station day-to-day will be Florida Gas
25 Transmission employees.

1 Q. Okay. Now, which utility is going to be
2 providing electricity for lighting and other ancillary
3 uses at Station 13A?

4 A. I don't know.

5 Q. Well, how do you get the electricity that
6 comes in from Gulf Power go to any other purpose than
7 running the motors?

8 A. Not -- not to my knowledge, no.

9 Q. Okay. All right. Hang on just a second.
10 Again, referring to Paragraph 4 of your affidavit, or
11 excuse me, of the affidavit, the unsigned affidavit.
12 There's a reference in there, and you've already
13 mentioned that Florida Gas Transmission is responsible
14 for the construction of the motor drive train and
15 installing it --

16 MR. BRYANT: John, let me insert here
17 that Paragraph 4 of the -- are you talking about the
18 amended affidavit?

19 MR. HASWELL: No. This is the first one
20 that we got.

21 MR. BRYANT: The first one. Okay.

22 MR. HASWELL: No changes.

23 Q. (By Mr. Haswell) It refers to an equipment
24 lease agreement. Could you tell us anything about
25 that?

Page 23

1 A. We lease the motor from Florida Gas
2 Transmission for the term of the deal.

3 Q. Okay. But as a consequence of leasing it
4 from Florida Gas Transmission, do you have anyone from
5 ECS on the premises on a day-to-day basis to operate
6 the equipment?

7 A. Not on a day-to-day basis.

8 Q. What would it be on, what kind of basis? If
9 it's not day-to-day, what would be the basis?

10 A. If there is some reason to have someone visit
11 the site to -- if something were to go wrong, if the
12 provision of service was interrupted for some reason
13 or if we felt that it was necessary to do some
14 additional inspection to verify that all the terms and
15 conditions were being met appropriately, if we had
16 some reason to believe that they weren't.

17 Q. Okay. Then referring to Paragraph 5 of that
18 affidavit, the statement is made "ECS is a third-party
19 provider with respect to FGT, and ECS may not function
20 as an agent of FGT under terms of the CSA."

21 Can you tell me what the purpose of that
22 statement is?

23 A. I think it's fairly self-explanatory. We are
24 not an agent of FGT. We are providing a service to
25 FGT and it's a third-party service and that we have no

1 rights or responsibility to do anything on FGT's
2 behalf outside of the compression services agreement,
3 which is a very specified service.

4 Q. Okay. Then in Paragraph 6 you identify or
5 somebody identifies the relationship between Enron
6 North America and these other -- some of these other
7 corporations. And -- so, let me just read this and
8 you tell me if this is correct. "ECS is wholly owned
9 by Enron North America Corp. Enron North America
10 Corp. is wholly owned by Enron Corp. Florida Gas
11 Transmission Company is wholly owned by Citrus Corp.
12 Citrus Corp. is owned by Enron Corp. and by El Paso
13 Energy Corporation. Enron Corp. and El Paso Energy
14 Corporation each have a 50 percent share of Citrus
15 Corp."

16 Now, is that a correct statement?

17 A. Yes.

18 Q. Okay. Just a second. Oh, who is going to
19 own the real estate where your -- the property where
20 you're going to be putting your motors on -- or excuse
21 me -- where you're going to be, I guess, running the
22 electric drive train to convert electric energy to
23 mechanical energy?

24 A. We will be leasing the land.

25 Q. Leasing the land from who?

Page 25

1 A. I'm not sure who the landowner is
2 specifically. I believe FGT is the landowner.

3 Q. Okay. And it's your understanding that your
4 CSA and similar contractual arrangements are not
5 required to be filed with any state or Federal
6 regulatory agency?

7 A. That is correct.

8 Q. Okay. And you indicated or it has -- it was
9 said I think in paragraph -- in one of the paragraphs
10 of that affidavit that the CSA is a 20-year term; is
11 that right?

12 A. I cannot comment on that because I do not
13 want to -- I'm bound by confidentiality to my client.

14 Q. Well, regardless of what the term is, can it
15 be terminated sooner than whatever its current term is
16 for cause or for any other reason?

17 A. Only with consent.

18 Q. Okay. Hang on just a minute. I've got
19 something around here.

20 Can you tell us when did ECS and FGT
21 enter into the CSA, what date was that?

22 A. I believe it was March 20th, 2000.

23 Q. Okay. Now, March 20th. Is the date of the
24 CSA the same date that it was actually signed? In
25 other words, is the effective date of the compression

1 service agreement the same date it was actually
2 signed?

3 A. Yes.

4 Q. Okay. Now, is -- was the compression service
5 agreement and the execution of it and its
6 effectiveness contingent upon ECS entering into an
7 agreement with Gulf Power Corporation?

8 A. I can't comment on that, on those terms and
9 conditions because I'm bound by confidentiality to my
10 client.

11 Q. All right. And again, I think I may have
12 asked this before. The risk of outages on the
13 motor -- electric motor drive train is ECS's risk; is
14 that correct?

15 A. Could you please repeat the question?

16 Q. The risk of outages of your electric drive
17 train equipment is a risk borne by ECS and not by
18 Florida Gas Transmission; is that correct?

19 A. That depends on how the outage comes about;
20 and, again, we're going to get into areas of default
21 here which I'm bound by confidentiality.

22 Q. Well, then you may be giving me the same
23 answer; but I'll let you do that. If the -- does the
24 equipment lease coincide with the term of the CSA?

25 A. Yes.

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1 Q. Now, does that mean if either agreement is
2 terminated the other one also terminates?

3 A. I can't -- that's a cross default answer. I
4 can't comment on that because I'm bound by
5 confidentiality to my client.

6 Q. Who is responsible for maintenance of the
7 electric motor drive train?

8 A. There is a separate agreement to which
9 Florida Gas Transmission is responsible for the
10 maintenance of these motors and it is in concert with
11 the lease agreement and the CSA agreement.

12 Q. Okay. So, Florida Gas Transmission owns them
13 and has leased them to ECS and ECS in turn entered
14 into a maintenance agreement where Florida Gas
15 Transmission maintains them?

16 A. That is correct.

17 Q. Did ECS have any involvement in specifying
18 the type of electric motor drive train and motors to
19 be used in Station 13A?

20 A. We did not act as agent in any capacity. We
21 worked with them to make sure that it -- it would
22 conform with the type of service that we were
23 ultimately going to be providing. But we made no
24 decisions or acted as their agent in their capacity.

25 Q. Okay. So, then Florida Gas Transmission was

1 the entity that determined what kind of motors and
2 what kind of drive train it should be?

3 A. Ultimately, yes.

4 Q. Okay. So, in this particular site, Station
5 13A, ECS's only real operational activity is making
6 the supply arrangements for the energy required to
7 drive the electric motors?

8 A. I wouldn't classify it as a service as being
9 that narrow.

10 Q. Okay. What other service -- would that be
11 one of the services?

12 A. Yes.

13 Q. Okay. What other services would you be
14 providing to Station 13A, you being ECS?

15 A. We are ultimately providing mechanical energy
16 to Florida Gas Transmission providing that under a --
17 essentially a fixed price structure and allowing them
18 to pay for that service in commodities as well as cash
19 and designing the structure to best fit their -- the
20 structure has been designed to best fit their
21 underlying process needs to maximize value for Florida
22 Gas Transmission.

23 Q. When you say by -- what, in cash or
24 commodities, does that mean Florida Gas Transmission
25 can pay you in gas as opposed to dollars?

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1 A. I can't discuss any further about that as it
2 will expose the confidential terms that I'm bound by
3 my client.

4 Q. Okay. Does ECS have any alternatives to the
5 new motor drive -- to the electric motor drive train
6 for Station 13A for meeting its obligations under the
7 CSA?

8 A. At this point in time, no.

9 Q. Okay.

10 A. At the time we were scoping the deal, yes,
11 there were alternatives.

12 Q. And what were some of those alternatives that
13 you scoped?

14 A. When we look at these deals we could look at
15 providing gas compression -- gas engine driven
16 compression as well as electric motor drive
17 compression. We can look at a variety of different
18 ways that the customer can pay us. We can look at a
19 variety of different risk management opportunities in
20 that payment structure as well as the delivery of the
21 energy to maximize the value of the deal. So, those
22 are alternatives that can exist, and I'm sure were
23 investigated.

24 Q. Okay. Now, you indicated the -- earlier that
25 ECS does not have a similar type of arrangement along

1 this pipeline. Do you know why they don't or is it --
2 this is the first one -- is this going to be like a
3 test to see how it works or what?

4 A. I can't speak to that, why we have not done
5 any other deals in this area. That's Florida Gas
6 Transmission's decision and I have no idea whether
7 this is a test or not. It's a deal that we've felt
8 comfortable in executing, as did they.

9 MR. HASWELL: All right. If you folks
10 don't mind, I'd like to do a little sidebar with my
11 clients on another line and -- in just a few minutes.
12 Does anybody have a problem with that?

13 MR. BRYANT: You want to call it a five
14 minute break?

15 MR. HASWELL: Sure.

16 MR. BRYANT: Okay. We'll just mute
17 until we hear from you.

18 MR. HASWELL: Okay. Thanks.

19 (Recess from 11:36 to 11:45.)

20 Q. (By Mr. Haswell) I just have a few more
21 questions, Mr. Hilgert.

22 A. I had a few points of clarification.

23 Q. All right.

24 A. One, there is a compensation agreement in
25 place between Enron Compression Services and FGT to

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1 cover the cost of paying for the employees to provide
2 the O&M services to the compressor station.

3 Q. I'm sorry. What did you say the agreement
4 was?

5 A. A compensation agreement --

6 Q. Compensation agreement. Okay.

7 A. -- to cover the cost of the employees'
8 services to provide -- to provide operation
9 maintenance services per that agreement.

10 Q. Okay.

11 A. Another point you had asked, why we have not
12 been involved in any other compression stations. We
13 bid on another FGT station last year and lost that
14 bid, were rejected. That was -- that was latter part
15 of last year. I'm not sure specifically when.

16 And then to further clarify, as far as
17 the decision process to go with electric horsepower,
18 there's a variety of different factors that push us
19 and our clients towards doing that versus going with
20 gas engine driven horsepower. And that can be driven
21 for environmental reasons, that could be driven for
22 mechanical efficiency reasons, particular
23 configuration reasons, pricing reasons, the structure
24 of the overall contract and the relationships of
25 different commodities. So there's a variety of

1 different drivers that we look at and promote when
2 putting deals together with our clients. And really,
3 you know, what's driving things more importantly than
4 anything else nowadays is the environmental
5 restrictions, trying to reduce emissions. And
6 oftentimes clients have emissions that they want to
7 receive some compensation for and meet the
8 ever-tightening standards for emissions by putting in
9 electric horsepower service.

10 Q. Okay. Do you know of your personal knowledge
11 about any discussions regarding service to Station 13A
12 prior to December 1998?

13 A. No.

14 Q. Have you ever heard of a company called Enron
15 Capital & Trade Resources?

16 A. Yes.

17 Q. Do you know whether or not they were involved
18 as early as 1995 in looking at adding additional
19 compressor services to Station 13 or 13A?

20 A. No.

21 Q. Okay. Do you know a Cheryl Perchal?

22 A. No.

23 Q. So, when Enron Compression Services was
24 created November of 1998, was it your testimony or is
25 it your testimony that Florida Gas Transmission was

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1 the only customer you had on call or available at that
2 time?

3 A. No, that was not my testimony; and it is not
4 my testimony.

5 Q. Okay. Who else did you have besides Florida
6 Gas Transmission?

7 A. There are a variety of different clients that
8 we were talking to. I named the deals that we had --
9 that we've consummated to date. And I'm bound by the
10 confidentiality agreements that we have with a variety
11 of those different customers not to disclose who they
12 are but they --

13 Q. Now, you earlier indicated that ECS was going
14 to lease the land where the electric drive train will
15 be located?

16 A. Yes.

17 Q. Okay. And then also you're leasing that
18 equipment, the electric drive train also from Florida
19 Gas Transmission?

20 A. Yes.

21 Q. Who is going to own the buildings and the
22 structures around it?

23 A. Florida Gas Transmission.

24 Q. Are they leasing those buildings and those
25 structures to you as well?

1 A. No.

2 Q. Now, can you tell us where Station 13A is
3 located with respect to Station 13?

4 A. I don't have those specific coordinates and
5 I'm not sure I'm able to disclose that.

6 Q. Have you been to Station 13?

7 A. I have not physically been there, no.

8 Q. Okay. So, do you know whether or not this --
9 well, can you tell us, is this Station 13A going to be
10 adjacent to or connected with Station 13?

11 A. I believe it's going to be in the general
12 vicinity.

13 Q. Do you know if it's going to be on the same
14 property that Florida Gas Transmission now currently
15 operates Station 13?

16 A. I -- I don't know.

17 MR. HASWELL: Okay. All right. Those
18 are my list of questions, Bill, if our other parties
19 tender the witness for cross-examination or further
20 examination.

21 MR. BRYANT: I don't have any questions.

22 MR. BADDERS: This is Russell Badders.
23 We do not have any questions.

24 MR. BRYANT: Anyone else?

25 MR. HASWELL: Marlene? Anybody from the

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1 PFC?

2 MS. STERN: Yeah, we're here. We were
3 just having a discussion. We have no questions.
4 Thank you.

5 MR. HASWELL: Well, then, I guess we're
6 through. Thank you very much. Bill, I'm sure you
7 want your witness to read and sign?

8 MR. BRYANT: Yes, we do.

9
10 (Proceedings concluded.)
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FROM ECT LEGAL Fax 713-646-3491

(MON) 9.17.01 17:46/ST. 17:46/NO. 4862320652 P 1

Enron Compression Services Company
1400 Smith Street
Houston, Texas 77002



September 17, 2001

Mr. John H. Haswell
Chandler, Lang, Haswell & Cole, P.A.
P.O. Box 23879
Gainesville, FL 32602
Fax: 352-372-8858

Re: Deposition of Chris Hilgert of Enron Compression Services Company

Dear Mr. Haswell:

Attached please find the signed and notarized deposition with changes indicated. I would also like to clarify my answer with respect to the question asked in Lines 2 and 3 of Page 20 of the attached deposition. My answer in Line 3 – "Not to my knowledge", refers to there being only one pipeline entity involved, which is Florida Gas Transmission Company. There are physically two pipeline laterals at this area. Station 13 serves a separate pipeline lateral from the pipeline lateral to be served by Station 13A.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Hilgert".
Chris Hilgert

cc: Bill Bryant, Jr. Fax: 850.222.0103
Ms. Marlene Stern Fax: 850.413.6231
Ms. Anne Longman Fax: 850.224.9242
Mr. Russell Badders Fax: 850.469.3331

FROM ECT'LEGAL Fax 713-646-3491

(MON) 9.17'01 17:47/ST. 17:46/NO. 4862320652 P 2

CHRIS HILGERT - September 11, 2001

1	CHANGES AND SIGNATURE			
2	PAGE	LINE	CHANGE	REASON
3	21	5	Line should read "those are not designed by	
4	Enron Compression Services. They're decisions that are			
5	not". Misquote			
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25	I, CHRIS HILGERT, have read the foregoing			

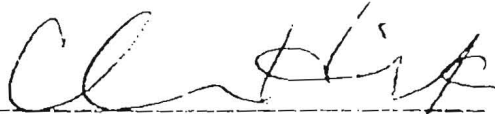
FROM ECT-LEGAL Fax 713-646-3491

(MON) 9.17'01 17:47/ST. 17:46/NO. 4862320652 P 3

CHRIS HILGERT - September 11, 2001

Page 37

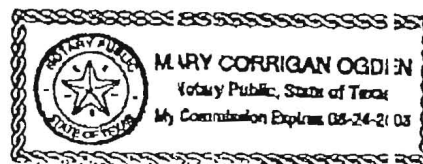
1 deposition and hereby affix my signature that same is
2 true and correct, except as noted herein.

3
4 
5 CHRIS HILGERT

6 THE STATE OF Texas)
7 COUNTY OF Harris)

8
9 Before me, Chris Hilgert, on this day
10 personally appeared CHRIS HILGERT, known to me (or
11 proved to me under oath or through _____)
12 (description of identify card or other document) to be
13 the person whose name is subscribed to the foregoing
14 instrument and acknowledged to me that they executed
15 the same for the purpose and consideration therein
16 expressed.

17 Given under my hand and seal of office this
18 17th day of September, 2001.



22 Mary Corrigan Ogden
23 NOTARY PUBLIC IN AND FOR
24 THE STATE OF Texas
25

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 In Re: Territorial Dispute Docket No.: 010441-EU
3 Between West Florida
4 Electric Cooperative Date Filed:
5 Association, Inc. and Gulf August ____, 2001
6 Power Company In
7 Washington County, Florida
8 *****


6 REPORTER'S CERTIFICATION
7 DEPOSITION OF CHRIS HILGERT
8 SEPTEMBER 11, 2001

9 I, Amy D. Ferro, Certified Shorthand Reporter in
10 and for the State of Texas, hereby certify that the
11 facts as stated by me in the caption hereto are true;
12 that the above and foregoing answers of the witness,
13 CHRIS HILGERT, to the interrogatories as indicated
14 were made before me by the said witness after being
15 first duly sworn to testify the truth, the whole truth
16 and nothing but the truth, and same were reduced to
17 typewriting under my direction; that the above and
18 foregoing deposition set forth in typewriting is a
19 full, true, correct transcript of the proceedings had
20 at the time of taking said deposition.

21 I further certify that I am not, in any capacity,
22 a regular employee of the party in whose behalf this
23 deposition is taken, nor in the regular employ of this
24 attorney; and I certify that I am not interested in
25 the cause, nor of kin or counsel to either of the

1 parties.

2 Given under my hand and seal of office on this,
3 the 13th day of September 2001.
4
5
6

7
8 
9 Amy D. Ferro, CSR, #6012
10 Expiration Date: 12/31/02
11 BARRISTER RECORDS & REPORTING, INC.
12 4545 Post Oak Place, Suite 350
13 Houston, Texas 77027
14 713.626.2629
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