

ORIGINAL
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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO 891345-EI

REBUTTAL TESTIMONY
AND EXHIBITS
OF
W. P. BOWERS



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04454 MAY 21 1990
FPSC-RECORDS/REPORTING

1 Service and Information Benchmark, Marketing and
2 Economic Development.

3
4 Q. What is your position regarding Mr. Schultz's statement
5 that certain programs previously recovered through
6 Energy Conservation Cost Recovery (ECCR) were rejected
7 by the Commission as not cost-effective?

8 A. Mr. Schultz is incorrect. We believe, and have provid-
9 ed substantial evidence which shows, that the Good
10 Gents New Home and Good Gents Improved Home programs
11 are cost-effective to the Company and its ratepayers
12 and that the services provided through these programs
13 are demanded by and highly valued by our customers.

14 Mr. Schultz's testimony demonstrates his lack of
15 understanding with regard to utility conservation
16 programs in general and the Energy Conservation Cost
17 Recovery clause in particular. Programs included in
18 ECCR do not necessarily have to be quantifiable on
19 their own nor do they have to be cost-effective on
20 their own. The burden of proof on a Company is that
21 the entire conservation plan must be cost-effective.
22 For example, the Commission has recognized since 1981
23 that the benefits associated with consumer education
24 programs cannot be quantified. Nevertheless, until
25

1 October 1, 1989, the expenses for these programs have
2 been recovered through ECCR.

3 As shown in Gulf's response to Item No. 109 of
4 Staff's Seventh Set of Interrogatories in this docket,
5 pages 2 - 20, the programs which are quantifiable are
6 cost-effective. They are less cost-effective than in
7 prior years for one primary reason -- the avoided unit
8 used in the calculation is a combustion turbine rather
9 than a higher cost intermediate or base load unit.

10 In its analysis of the benefits of these programs,
11 the Commission must take into account the demand and
12 generation expansion planning cycle. It is natural
13 that there will be periods in which a system has no
14 need for additional base load generation. Our present
15 generation expansion plan does not call for construc-
16 tion of additional base load capacity through the year
17 2010. We do plan to add lower cost peaking capacity
18 beginning in 1995. Under these scenarios, there may be
19 periods when conservation programs of utilities will be
20 less cost-effective or will fall short of being
21 cost-effective as calculated under the Commission's
22 methodology. The Commission, apparently anticipating
23 the cyclical nature of demand growth in generation
24 construction, and desiring to maintain the viability of
25 conservation programs even during the periods which the

1 programs might be marginally or less than cost-effec-
2 tive, adopted Rule 25-17.008(3). This subpart of Rule
3 25-17.008 provides as follows:

4 (3) This rule does not require the
5 Commission to approve a program shown
6 to be cost-effective under it, nor does
7 it preclude the Commission from approving
8 a program shown not to be cost-effective.

9 This provision in the Rule also recognizes that
10 there may be programs which, although not
11 cost-effective or marginally cost-effective under the
12 Commission's methodology, may provide benefits
13 sufficient to justify the Commission's support and,
14 therefore, cost recovery. Although we utilize this
15 tool as one of many screening mechanisms, there
16 certainly is no requirement that the ECCR test for
17 cost-effectiveness be applied as a condition for
18 recovery through base rates for programs or services.

19 Q. Why is Gulf Power Company seeking to have the costs of
20 these programs recovered through base rates?

21 A. Gulf firmly believes that it is in the long-term best
22 interest of all of Gulf's customers for the Company to
23 continue to provide these programs. The Company
24 respects the Commission's decision that it is not
25 presently appropriate to allow recovery of these
programs through ECCR. Therefore, we have included the

1 expenses for these programs in the 1990 test year
2 budget used to determine the revenue requirements for
3 base rates.

4
5 Q. What is different between the two rate mechanisms that
6 justifies including a program in base rates that has
7 been excluded from ECCR?

8 A. In their recommendation to discontinue recovery of
9 certain programs through ECCR, Staff was particularly
10 concerned that the direct pass through nature of the
11 ECCR mechanism does not serve to limit program expendi-
12 tures. The nature of the ECCR mechanism makes it
13 difficult for the Staff to identify a proper limit on
14 these expenditures. On the other hand, the nature of
15 base rates, because expenses of a utility have a direct
16 effect on the utility's earned rate of return, effec-
17 tively limits the amount of money the ratepayers will
18 be called upon to pay in regard to such programs.

19 It is important to note that Gulf Power Company's
20 participation in conservation type activities did not
21 begin with the creation of the ECCR mechanism. Before
22 ECCR, Gulf's conservation activities were recovered
23 through base rates.

24
25

1 Q. What evidence concerning the cost-effectiveness or the
2 level of customer satisfaction with the programs has
3 Mr. Schultz presented in his testimony?

4 A. Mr. Schultz merely stated his opinion, which is not
5 supported by any quantitative analysis of the cost-
6 effectiveness of, or the consumer demand for, the
7 services. It is somewhat disturbing that the position
8 of the Office of Public Counsel is to deny the citizens
9 they purport to represent in this proceeding the
10 products and services which their clients and our
11 customers have indicated they desire from Gulf Power
12 Company.

13 Mr. Schultz is, in essence, testifying that our
14 customers demand that we provide nothing more than
15 reliable electric service to their meters. They are,
16 under his scenario, unconcerned about price, efficien-
17 cy, conservation or comfort. I firmly believe that,
18 were we to cease all efforts in this area, the number
19 of customer complaints to this Commission would
20 increase and the high level of customer satisfaction
21 which we have historically enjoyed would be diminished
22 substantially.

23 The Goodcents logo has enjoyed a high percentage
24 of customer recognition. It is synonymous with energy
25

1 efficiency and conservation. If these programs are
2 discontinued, much of what we have gained will be lost.

3 We have, as a result of these programs, become the
4 energy information supplier for our customers. We are
5 viewed as the experts and are expected by our customers
6 to supply more than electricity to the meter. The
7 customer does not merely look to the insulation manu-
8 facturer, the window manufacturer, his architect, or in
9 many cases his builder -- he looks to us. In many
10 instances the motives of other providers of information
11 may be other than what is the most energy efficient and
12 cost-effective alternative. We have and believe we
13 should continue to provide these services. The data
14 and information we provide is accurate and, unlike
15 other suppliers of such information, is not directed at
16 the selling of a product, but instead the promotion of
17 efficient use of energy. We have excelled in the area.
18 Again, if we are forced out of this market, much of
19 what we have gained will be lost. When the time comes
20 that we are forced back into this market, and that time
21 will come, it will cost far more than if we are able to
22 maintain a presence in the market and sustain and grow
23 on the successes of the past.
24
25

- 1 Q. Would you please address Mr. Schultz's position on the
2 Good Gents New Home Program?
- 3 A. Mr. Schultz asserts that the program promotes applian-
4 ces, that it is not necessary for the provision of
5 electricity, that it duplicates the Florida Model
6 Energy Code for Building Construction, that we are
7 unable to demonstrate any effect on load and that all
8 of Gulf's ratepayers pay when only a few benefit.
9
- 10 Q. Would you please address Mr. Schultz's contention that
11 the Good Gents New Home program duplicates the Florida
12 Model Energy Efficiency Code for building construction?
- 13 A. The Good Gents Home Program offers superior services
14 and benefits to our customers which are not provided
15 through the Code. The Good Gents Program provides a
16 vehicle to optimize compliance with the Code which is
17 not universally enforced in Northwest Florida. The
18 Code is, in actual practice, the minimum efficiency
19 standards for building construction in the state. The
20 Code does not provide the signals or incentives for
21 builders to include the "optimum" in energy conserving
22 technologies in new construction. In fact, builders
23 can manipulate the Code to reduce air conditioning
24 efficiencies and reduce insulation. In an article
25 published in the April 1989 edition of American Gas,

1 Mr. Edward P. Markette, Vice President of Sales at City
2 Gas Company, was quoted:

3 If the builder hooks up natural gas, he
4 reduces the points (EPI) by 12 to 16...
5 that might allow him to install less
6 efficient air conditioning or less
7 insulation. He may take the home back up
8 to 99 points, but he's put some money in
9 his pocket. The builders are beginning to
10 jump on that.

11 Our aim with Good Cents is to optimize the efficiency
12 of any and all structures, regardless of fuel source.
13 Optimization of Code compliance includes proper instal-
14 lation and sizing of heating and air-conditioning
15 equipment to insure savings are realized and to encour-
16 age efficiencies beyond those set as minimum. Proper
17 installation also minimizes the service and maintenance
18 expenses and optimizes the life of the equipment.

19 We are absolutely convinced that, without our
20 involvement in and promotion of the Good Cents Home
21 Program, the number of homes meeting even the minimum
22 standards set by the Code would be far fewer than is
23 now the case. Even as we discuss this issue, Congress
24 is looking at Federal involvement to get organizations
25 to provide services to consumers that are identical to
Good Cents. In Senate Bill 1355, the United States
Senate is considering funding organizations to assess
efficiency standards of residences; determine monthly

1 cost of suppling a residences' energy needs; make
2 recommendations regarding cost-effective residential
3 energy efficiency features; report results of such
4 inspections to residence owners, residence purchasers
5 and their lenders; and are capable of administering a
6 uniformed energy efficiency rating system. These
7 services are, in fact, what the Good Gents Home Program
8 provides to all customers in Northwest Florida. If we
9 are forced to shut the Good Gents Home Program down,
10 the tremendous gains in educating the public of the
11 importance of constructing energy efficient new homes
12 which have been made since 1976 will be lost. That is
13 not in the customers' best interest. Customer demand
14 for the services will not end with the cancellation of
15 this program or any other program. What will end is
16 the Company's ability to respond to their demands.

17

18 Q. Please continue.

19 A. I have provided direct testimony and supporting evi-
20 dence that address the basic issues Mr. Schultz raises
21 concerning the program. His testimony contains a
22 number of incrrrect statements concerning the purpose
23 and benefits of the program.

24 The Good Gents New Home Program, which was imple-
25 mented in 1976, has never been used for the sales

1 promotion of appliances. This Commission, from 1981,
2 through 1987, continually reviewed and approved this
3 program for recovery in ECCR. The Commission and its
4 Staff are well aware of the purpose and intent of the
5 program and of the success we have enjoyed with the
6 program. The program promotes one thing -- energy
7 efficiency. It has succeeded and will continue to
8 succeed in this endeavor.

9 Mr. Schultz's position that the program is not
10 necessary for the provision of electricity assumes that
11 the only product ratepayers want from their utility is
12 energy. This assumption is without substance or merit.

13 Mr. Schultz states on page 63 of his testimony at
14 lines 12 - 14, that the degree of enforcement of the
15 Energy Efficiency Code does not change the fact that
16 the information is available, which, according to Mr.
17 Schultz, makes the Good Cents Home Program unnecessary.
18 The Code is not a vehicle for information exchange; it
19 contains standards of construction that are not being
20 enforced in Northwest Florida. Even if the Code is to
21 be enforced, it can lead to less efficient structures
22 and equipment, thereby causing peak demand growth at a
23 higher rate than with the Good Cents program. He is
24 indirectly advocating the unnecessary and uneconomical
25 construction of generation as a substitute for the

1 failure of a governmental program to meet the needs of
2 our ratepayers. This position is in direct conflict
3 with good business practice and legislative directives
4 such as FEECA.

5 Mr. Schultz mistakenly asserts that Gulf's program
6 has had no discernible effect on load and that a public
7 utility should not fill any gaps or niches in the free
8 market. The benefits produced by this program since
9 1977 are well documented in the ECCR dockets and FEECA
10 reports.

11 Lastly, Gulf Power would not be filling any so
12 called "gaps" if the needs of our ratepayers could be
13 met by someone else. Mr. Schultz's statement that the
14 market is free is ridiculous; a free market is void of
15 governmental interference. Mr. Schultz is being
16 retained by a governmental agency which maintains that,
17 if a governmental program (The Model Energy Code) does
18 not work, then the private sector should be prohibited
19 from responding to private citizen (ratepayer) demand
20 by providing cost-effective products and services.
21 Before dictating what his clients (the ratepayers)
22 want, Mr. Schultz should consider attempting to
23 determine what services they demand. He has not. In
24 contrast, we are in the marketplace and know the
25 services our customers are demanding.

- 1 Q. Mr. Schultz asserts that the Florida Model Energy Code
2 (FMEC) is available to the public and should dictate
3 building efficiency standards. Does implementation of
4 the Florida Model Energy Code provide the
5 cost-effective benefits intended by FEECA for the
6 ratepayers of Northwest Florida?
- 7 A. No. Even if the FMEC is enforced its design does not
8 provide the optimum level of electrical peak demand
9 reduction, which the Good cents program provides. Not
10 only does the Good cents program improve the reduction
11 in summer peak demand, but by encouraging the installa-
12 tion of heat pumps, it provides the participating
13 customer lower energy bills as shown in Schedule 1,
14 page 2.
- 15
- 16 Q. Are you saying in the same home in Northwest Florida
17 that the cost of heating a home with a heat pump is
18 cheaper than the cost of heating a home with natural
19 gas?
- 20 A. Yes. In my Schedule 1, through engineering analysis,
21 four homes of equal size built with the same thermal
22 envelope are examined. The all electric home costs
23 less to operate than any of the three homes utilizing
24 natural gas. The two gas heat scenarios represent
25 various levels of natural gas consumption based on

1 appliance selection. Comparing the cost to heat the
2 all electric home, you can see that the heat pump can
3 do the job for \$141 annually. The cost of heating the
4 home with natural gas varies from \$231 to \$267.

5
6 Q. In total operating costs how do these homes compare?

7 A. The all electric home has the lowest operating cost,
8 even though it has the highest E.P.I. rating which is
9 the rating given according to the FMEC. This rating is
10 intended to represent relative levels of energy effi-
11 ciency in residential structures.

12
13 Q. How does this affect Gulf Power Company's marketing
14 efforts?

15 A. If we were to exit from the marketplace and rely on the
16 FMEC, the result would be costly to our customers. As
17 you can see in my Schedule 1, page 2, there is signifi-
18 cant room for movement in the E.P.I. ratings of the gas
19 homes. This supports the statements of Mr. Markette,
20 Vice President of Sales at City Gas Company, when he
21 commented that the Code allows for less insulation and
22 less efficient heating and cooling equipment. You can
23 easily surmise that the Code allows just that. The
24 result is homes built with less efficient cooling
25 equipment and less thermal integrity which causes

1 higher peak demand on our system, creating the need for
2 additional generation which is costly to all
3 ratepayers, especially when it is not necessary.
4

5 Q. Mr. Bowers, is it the position of the Company that it
6 should be permitted to advocate one energy source over
7 another?

8 A. No. This is not the intent of our programs. The
9 intent is to insure informed decision making and to
10 promote efficient use of energy. We recognize the
11 impact additional peak demand has on the cost of
12 electricity and strive to reduce the growth in peak
13 demand. To the extent this is accomplished through
14 compliance with our programs, we believe there is
15 benefit to all customers. Additionally, we have an
16 obligation to provide fair, accurate and straight-
17 forward information regarding energy costs to our
18 customers. If the customer makes a misinformed deci-
19 sion, it not only can cost him/her money, but also has
20 a detrimental effect on all customers.
21

22 Q. Has Mr. Schultz correctly stated the test year expenses
23 for the Good Cents Improved Home?
24
25

1 A. No. Mr. Schultz did not account for the expenses of
2 \$152,393 that were recovered in ECCR. Gulf is asking
3 for recovery of \$457,390 in base rates.

4
5 Q. What is Mr. Schultz's position regarding the Good Gents
6 Improved Home Program?

7 A. His position is essentially the same as the ones he has
8 taken in regard to the Good Gents New Home Program.
9 Once again, Mr. Schultz is exhibiting his lack of
10 understanding of the program, the services it offers
11 and the benefits it provides to the ratepayers. I have
12 provided evidence, where Mr. Schultz has not, that the
13 program is cost-effective, does not promote appliances
14 and provides benefits to all ratepayers.

15
16 Q. Please discuss Mr. Schultz's positions concerning the
17 Energy Education and Presentations/Seminars Programs.

18 A. Mr. Schultz's assertion that the Company could not
19 demonstrate cost-effectiveness indicates that he does
20 not understand the purpose or benefits of these pro-
21 grams. These programs provide general education to all
22 of our ratepayers concerning energy services provided
23 by the Company and other businesses including govern-
24 mental agencies. They also provide information on
25 energy technologies including those that use energy

1 sources other than electricity. Finally, they are used
2 to create demand for the products and services offered
3 by or through our other programs. The programs were
4 not removed from ECCR because the benefits derived from
5 them were not quantifiable and, therefore, could not be
6 evaluated utilizing a cost-effectiveness test. In Order
7 No. 21317, page 9, the Commission stated:

8 Now, however, we believe programs of this kind are
9 a fundamental part of the customer service respon-
10 sibility of such utilities and, therefore, do not
11 require special...If the FEECA statute and ECCR
12 were abolished tomorrow, customers would still
13 call utility service offices to inquire about
14 energy efficient products and uses. Utilities
15 should and would provide such information on how
16 to use its product wisely. The need for special
17 treatment of such information services has long
18 since passed, so we hereby order the elimination
19 of these programs for ECCR purposes.

15 Q. Do you have any further comments with respect to Mr.
16 Schultz's recommendation on the Customer Service and
17 Information Programs.

18 A. Yes. Mr. Schultz has taken a position on four Customer
19 Service and Information programs without presenting any
20 evidence, other than his personal opinion, that they
21 are not beneficial to the ratepayers and it is not
22 "normal" for a utility to provide them. It is, in
23 fact, normal for a utility to provide these services in
24 some form. It would be abnormal not to provide the
25 services. He is completely ignoring the fact that our

1 customers want the products and services provided in
2 the programs and that they are beneficial to the
3 ratepayers. Mr. Schultz is merely substituting his
4 opinion as a non-participant in any of the programs for
5 the opinion of those who are participating and reaping
6 the benefits. Gulf would carefully consider and act on
7 any evidence provided by Mr. Schultz that demonstrates
8 that our customers want us to stop providing them with
9 any customer services other than electricity.

10
11 Q. Mr. Bowers, Mr. Schultz takes the position that Gulf
12 Power is over the benchmark in 1990 for Customer
13 Service and Information. Do you agree?

14 A. No. I presented in my prefiled direct testimony,
15 Exhibit ___(WPB-1), Schedule 3, a calculation of the
16 Customer Service and Information benchmark calculation
17 that reflects the impact of the Commission decision
18 regarding conservation expenses in our 1984 rate case.

19 Gulf Power Company is providing high quality,
20 highly valued Customer Service and Information products
21 and services, through more programs, to more customers
22 and at a lower cost than in 1984 when all of the
23 expenses for the programs being challenged were ap-
24 proved by the Commission. Gulf is actually below the
25 benchmark \$824,000. Any claim that we are over the

1 benchmark ignores the FPSC's decision in 1984 to change
2 the method of recovering some of the expenses. The
3 FPSC approved all of the Customer Service and Informa-
4 tion expenses requested in the 1984 rate case.
5

6 Q. Please discuss Mr. Schultz's position regarding his
7 adjustments to Customer Service and Information expend-
8 itures.

9 A. Mr. Schultz defends his adjustment for the programs
10 listed in his Exhibit __ (HWS-13) based on the premise
11 that whoever participates in a program should incur all
12 of the cost. His position ignores the fact that all
13 ratepayers accrue benefits from Gulf's programs includ-
14 ing those that do not directly participate. This
15 Commission has repeatedly recognized that all
16 ratepayers benefit from this program and has rejected
17 the position taken by Mr. Schultz.
18

19 Q. Could you provide an example of how all customers
20 benefit from such programs?

21 A. Our industrial technology transfer and technology
22 assessment programs have enabled us to work with two of
23 our largest industrial customers concerning their plans
24 to install cogeneration equipment beginning in 1987.
25 We reached an agreement with each of these customers

1 that changed the schedule of their projects until the
2 generation capacity their projects would avoid would be
3 needed by the Company. The agreements recognized the
4 timing of their projects.
5

6 Q. How does this timing affect your ratepayers?

7 A. If the cogeneration of the two industrial customers
8 projects were completed as originally scheduled, they
9 would have avoided 57.5 MW of base load capacity and
10 435,000,000 KWH in energy sales. Gulf has sufficient
11 base load capacity to serve retail loads including
12 these customers in the near term; however, based on our
13 current expansion plans, we will likely need additional
14 capacity in the future. The agreements with the two
15 customers recognize the benefits to retaining their
16 loads in the short term and the long term benefits of
17 encouraging customers to proceed with cogeneration
18 plans when the timing is beneficial to Gulf's general
19 body of customers.
20

21 Q. What do these contracts have to do with Mr. Schultz's
22 position?

23 A. We were able to establish credibility and open lines of
24 communication with these customers as a result of our
25 Customer Service and Information programs. If the

1 sales had been lost because of our lack of action, then
2 all ratepayers would have suffered the consequences.

3
4 Q. How would all of your ratepayers suffer the consequenc-
5 es?

6 A. The revenue requirements for the 57.5 MW of load would
7 have been shifted from the industrial rate classes to
8 the residential rate class based on the cost-of-service
9 methodology currently approved by the Commission. I
10 might also add that this is a two-way street. The
11 industrial customers have always paid their share of
12 the ECCR expenses, including these directed solely at
13 the residential class.

14
15 Q. Please discuss Mr. Schultz's position regarding market-
16 ing.

17 A. Mr. Schultz has taken two positions regarding market-
18 ing. First he is under the mistaken impression that a
19 regulated monopoly lacks competition. Secondly, he
20 believes that our marketing efforts are directed at
21 indiscriminately increasing energy sales.

22
23 Q. Please discuss Mr. Schultz's first position.

24 A. Gulf Power Company, like every other regulated electric
25 energy supplier in the United States, must meet

1 competition daily in the marketplace. This competition
2 comes in the form of the inefficient use of energy,
3 causing greater demands and increased investment.
4 Also, transmission access, whereby other utilities may
5 serve loads in another utility's traditional service
6 area; cogeneration that could result in the uneconomi-
7 cal loss of load; alternative energy suppliers who
8 would take high load factor load resulting in increased
9 costs to all ratepayers; and new technologies, such as
10 fuel cells that would allow all customers to produce
11 their own energy, all provide additional competition.
12 This competition provides a great deal of pressure for
13 Gulf to keep its product cost-effective both in the
14 short-term and long-term.

15 Mr. Schultz's position fails to recognize that a
16 regulated monopoly competes with all other private
17 sector businesses for load, labor, capital and manage-
18 rial ability in order to be the supplier of choice for
19 consumer products and services. Acceptance of Mr.
20 Schultz's position would mean that the owners and
21 management of the regulated monopoly should ignore the
22 demands of its customers for products and services and
23 not try to control costs and price by investing in
24 activities beneficial to the ratepayers. It is Mr.
25 Schultz's opinion that, since we are a regulated

1 monopoly, we will be fully compensated for any losses
2 that result from marketplace competition. I do not
3 believe that the Commission would support any efforts
4 on our part to reduce load on our system when capacity
5 has been built and is available to serve that load.
6 Were we to do so and attempt to place the burden for
7 the existing capacity on the residential ratepayers,
8 the Commission would be first in line to condemn the
9 Company.

10

11 Q. Please address Mr. Schultz's position regarding natural
12 gas competition.

13 A. On page 73, lines 1 - 13, of his testimony, Mr. Schultz
14 quotes a portion of an interrogatory response concern-
15 ing natural gas competition and would have this Commis-
16 sion believe that the quoted portion is indicative of
17 the existence of competition in the entire marketplace.
18 The fact is the response is part of an explanation for
19 the "historical" numbers of natural gas residential
20 dwellings that were certified as being Good Gents
21 Homes. The response has nothing to do with marketplace
22 competition in the commercial, industrial and existing
23 residential marketplace in 1990 and beyond.

24

25

1 Q. Please address Mr. Schultz's second position regarding
2 your marketing efforts.

3 A. Mr. Schultz would have the Commission believe that our
4 marketing efforts concentrate on "active selling and
5 promoting of energy as defined in FEECA ..."; page 75,
6 lines 2 - 3, of his testimony. The truth is that some
7 of our efforts are concentrated on economically in-
8 creasing off-peak energy sales and thereby spreading of
9 fixed costs over more units of investment, resulting in
10 a lower cost of service to all customers.

11 Gulf recognizes that cogeneration can be
12 beneficial, and the Company is an active participant in
13 the rule making proceedings with the Commission on this
14 issue. We work with our customers, at their request,
15 to analyze various options for fulfilling their energy
16 needs.

17 The Commission has recognized the value of our
18 efforts by approving two contracts with industrial
19 customers that deferred their cogeneration projects and
20 by approving a rate rider (Supplemental Energy,
21 Schedule SE) that recognizes the benefits of off-peak
22 energy sales.

23 The goal of our marketing efforts is to assist our
24 customers achieve economic efficiency by providing the
25

1 products and services that will enable them to make
2 informed decisions regarding their energy investments.

3
4 Q. What is Mr. Schultz's position regarding your economic
5 development activities?

6 A. His basic position is that the Company should not,
7 under any circumstances, engage in any community and
8 economic development activities because they are not
9 beneficial to the ratepayers.

10 If you were to accept his position, then you must
11 believe that uncontrolled and unpredictable growth is
12 better than, or at least equal to, controlled and
13 predictable growth. You must also recognize and accept
14 the fact that low load factor growth is also better
15 than, or at least equal to, high load factor. I am
16 convinced that Mr. Schultz does not believe this, and
17 neither does anyone else.

18 Florida is one of the country's fastest growing
19 states. We have committed resources to allow us to be
20 active participants in the community and economic
21 development process to ensure that when growth does
22 occur, the impact on our ratepayers will be beneficial.
23 We are not now, nor have we ever been proponents of
24 uncontrolled growth in demand in our service areas.

25

1 Surveys show that our customers rate our community
2 and economic development activities as the number one
3 program we should offer. Why is the Office of Public
4 Counsel recommending that the customers be denied these
5 activities, when over 88 percent of Gulf's customers
6 desire that we participate in these efforts?
7

8 Q. Please summarize your testimony.

9 A. Gulf Power engages in Customer Service and Information
10 programs based on the demands of our customers for high
11 quality, energy related products and services. Our
12 goal with these efforts is to help our customers make
13 informed choices and achieve the highest level of
14 economic efficiency from their energy investment. We
15 are not offering these programs as a means of indis-
16 criminate increasing demand for and sales of electric
17 energy. Our customers would not tolerate this kind of
18 action by the Company and we would not expect regula-
19 tors to allow us to recover the expenses.

20 We do expect regulators to recognize the benefits
21 that accrue to the ratepayers and their overwhelming
22 acceptance of and voluntary participation in the
23 programs. The Office of the Public Counsel is repre-
24 senting the Citizens of the State in this proceeding.
25

1 It is the residential customer who receives the primary
2 benefits from these programs.

3

4 Q. Does this conclude your testimony?

5 A. Yes, it does.

6

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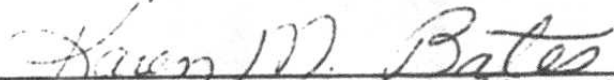
STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 891345-EI

Before me the undersigned authority, personally appeared
W. Paul Bowers, who being first duly sworn,
deposes and says that he/she is the General Manager of
Marketing and Load Management of Gulf Power Company and that the
foregoing is true and correct to the best of his/her knowledge,
information and belief.



Sworn to and subscribed before me this 10th day of
May, 1990.



Notary Public, State of Florida at Large

My Commission Expires: **My Commission Expires**
July 25, 1990

Florida Public Service Commission
Docket No. 891345-EI
GULF POWER COMPANY
Witness: W. P. Bowers
Exhibit _____ (WPB-2)
Schedule 1
Page 1 of 2

1990 MODEL ENERGY CODE
ENERGY COST COMPARISON

Assumptions

Sq. Ft.	1540
Glass	Double Clear
	T N E S
	185 140 15 30
Attic Insulation	R-30
Wall	12.5
Duct	4.2
Perimeter	None
Doors	Insulated
AC/HR	.4