

PROCEDURES AND GUIDELINES FOR AVOIDING FURTHER UNECONOMIC DUPLICATION OF FACILITIES

It is expected that the utilization of these procedures and guidelines will help Gulf Coast Electric Cooperative, Inc. (“GCEC”) and Gulf Power Company (“Gulf Power”) avoid further uneconomic duplication of the facilities of each other, in accordance with the policy and rules of the Florida Public Service Commission (“Commission”). Accordingly, these procedures and guidelines are intended for use by the parties to assist in determining whether or not they should agree to honor the request for electric service by a Customer or should otherwise proceed with the construction of additional facilities. If, by constructing the facilities to provide service to a Customer requesting such service, there is a reasonable expectation that uneconomic duplication of facilities would occur, a Utility may deny service to the Customer and direct the Customer to request service from the Utility whose provision of such service would not be expected to result in uneconomic duplication.

SECTION I: DEFINITIONS

- 1.1 Cost of Service. As used herein, the term “Cost of Service” shall mean the initial cost of the construction (including fully-Loaded labor, materials, engineering and supervision overheads, etc.) of the modification or addition of facilities required to provide requested service to the Customer less any initial payments by the Customer as a contribution in aid to construction.
- 1.2 Customer. As used herein, the term “Customer” shall mean any person or entity requesting electrical service and who is intending to be responsible for or who is acting on behalf of the intended responsible party for a building or other facility (e.g. electro-mechanical equipment, contiguous group of premises, etc.) requiring such electrical service.
- 1.3 Existing Facilities. As used herein, the term “Existing Facilities” shall mean the Utility’s nearest facilities that are of a sufficient size, character (number of phases, primary voltage level, etc.) and accessibility so as to be capable of serving the anticipated Load of a Customer without requiring any significant modification of such facilities.
- 1.4 Load. As used herein, the term “Load” shall mean the connected Load stated in terms of kilovolt-amperes (kVA) of the building or facility for which electrical service is being requested.
- 1.5 Point of Delivery. As used herein, the term “Point of Delivery” shall mean that geographical location where the Utility’s anticipated facilities that would be used to deliver electrical power to a Customer begin to constitute what is commonly referred to as the service drop or service lateral, i.e. it is the point at which the Utility’s primary or secondary facilities would terminate and the service drop or service lateral would commence. For a facility with multiple meter points, “Point of Delivery” shall mean that

geographical location at which the primary circuit to serve the facility begins to branch out into sub-circuits to reach the various meter points.

- 1.6 Utility. As used herein, the term “Utility” shall mean either GCEC or Gulf Power, each of which is an electric Utility under the provisions of Chapter 366 of the Florida Statutes having electrical facilities within the region of a Customer’s location so as to be considered by that Customer as a prospective provider of electric energy delivery services.

SECTION II: AGREEING TO PROVIDE REQUESTED SERVICE

- 2.1 Whether or not a Utility’s provision of electric service to a Customer would result in further uneconomic duplication of the other Utility’s facilities is primarily dependent upon whether or not there is a significant difference in the Cost of Service for each of the utilities. The likelihood of there being a significant difference in the Cost of Service is primarily a function of the size of the Load and the difference in distances between the Point of Delivery and the Existing Facilities of each Utility. Consequently, upon receiving a bona-fide request for service from a Customer, a Utility may agree to provide the requested service if the conditions of either Section 2.2 or Section 2.3 below are met. Otherwise, the Utility should direct the Customer to request service from the other Utility.
- 2.2 Various Load and distance criteria under which a Utility may agree to provide service are as follows:
- (a) For any size Load where the requested Utility’s Existing Facilities are within 1,000 feet of the Point of Delivery or are no more than 1,000 feet further from the Point of Delivery than the Existing Facilities of the other Utility.
 - (b) For a Load greater than 100 kVA where:
 - (i) the construction required is predominantly the addition of new pole line and the requested Utility’s Existing Facilities are no more than 1,500 feet further from the Point of Delivery than the Existing Facilities of the other Utility, or
 - (ii) the construction required is predominantly the upgrade of existing pole line (e.g. phase additions, reconductoring, etc.) and the requested Utility’s Existing Facilities are within 3,000 feet of the Point of Delivery.
 - (c) For a Load greater than 500 kVA where:
 - (i) the construction required is predominantly the addition of new pole line and the requested Utility’s Existing Facilities are no more than 2,000 feet further from the Point of Delivery than the Existing Facilities of the other Utility, or

- (ii) the construction required is predominantly the upgrade of existing pole line (e.g. phase additions, reconductoring, etc.) and the requested Utility's Existing Facilities are within 4,000 feet of the Point of Delivery.
- (d) For a Load greater than 1000 kVA where:
 - (i) the construction required is predominantly the addition of new pole line and the requested Utility's Existing Facilities are no more than 2,500 feet further from the Point of Delivery than the Existing Facilities of the other Utility, or
 - (ii) the construction required is predominantly the upgrade of existing pole line (e.g. phase additions, reconductoring, etc.) and the requested Utility's Existing Facilities are within 5,000 feet of the Point of Delivery.

2.3 In any instance where the Load and distance criteria of Section 2.2 are not met but the requested Utility believes that its Cost of Service would not be significantly more than that of the other Utility, the following procedure shall be used to determine if the requested Utility may agree to provide service:

- (a) The requested Utility is to notify the other Utility of the Customer's request, providing all relevant information about the request.
- (b) If the other Utility believes that its facilities would be uneconomically duplicated if the request is honored, it has five (5) working days from receipt of notice to request a meeting or other method to be conducted within ten (10) working days for the purpose of comparing each Utility's Cost of Service. Absent such a request or upon notification from the other Utility of no objection to the requested Utility's providing the service, the requested Utility may agree to provide service.
- (c) At the meeting scheduled pursuant to 2.3(b) or in some other mutually acceptable method, each Utility is to present to the other Utility its estimated Cost of Service, including all supporting details (type and amount of equipment, labor rates, overheads, etc.). For Loads greater than 1,000 kVA, information as to the percentage of substation and feeder capacity that will be utilized and the amount and nature of the cost allocations of such utilization included in the Cost of Service are to be provided.
- (d) Upon agreement as to each Utility's Cost of Service, the requested Utility may agree to provide service to the Customer if either of the following conditions are met:
 - (i) The requested Utility's Cost of Service does not exceed the other Utility's Cost of Service by more than \$15,000.
 - (ii) The requested Utility's Cost of Service does not exceed the other Utility's Cost of Service by more than twenty-five percent (25%).

- (e) Notwithstanding the other provisions of this Section 2.3, no Utility shall agree to provide service to a Customer under the provisions of this Section 2.3 if the Load is less than or equal to 1000 kVA, the requested Utility's Existing Facilities are further than 10,000 feet from the Point of Delivery, and the other Utility's Existing Facilities are located in a roadway or other right-of-way abutting the Customer's premises.

2.4 The requested Utility bears the primary responsibility in determining whether or not the provisions of Section 2.2 or Section 2.3 above have been met or if it otherwise believes that service can be provided to a Customer without uneconomic duplication of the other Utility's facilities. Should the other Utility dispute such determinations and believe that uneconomic duplication of its facilities will occur or has occurred, every effort should be made by the two utilities to resolve the dispute, up to and including mediation before the Commission Staff and, if necessary, expedited hearing before the Commission. During a period of unresolved dispute, the requested Utility may provide temporary service to the Customer or may elect to request the other Utility to provide temporary service to the Customer and either means of temporary service shall be without prejudice to either Utility's position in the dispute as to which Utility will provide permanent service.

SECTION III: CUSTOMER RELIABILITY AND POWER QUALITY

While one Utility may have existing distribution facilities nearer to a Customer's Point of Delivery than the other Utility, reliability of service and power quality to the individual Customers are important. In the application of the provisions of Section II above, engineering criteria must be considered in the decision as to whether the requested Utility should agree to serve the Customer. Substation distance from the Point of Delivery and Load capacity of impacted substations in each case should be considered. Wire size and its capacity and capabilities should also be considered. All other system engineering design and criteria should be reviewed in each Utility's facilities.

SECTION IV: CUSTOMERS PRESENTLY SERVED BY ANOTHER UTILITY:

A Utility shall not construct nor maintain electric distribution lines for the provision of electric service to any Customer then currently being provided electric service by the other Utility. If, however, a Customer that has historically required single-phase service disconnects and the new Customer locating there requires three-phase service, Section II above may apply.

SECTION V: DISTRIBUTION SYSTEM EXTENSIONS & UPGRADES

A Utility will, from time to time, have distribution system extensions or upgrades necessary and prudent from an engineering standpoint for reliability and Customer service. While recognizing this, these extensions or upgrades should be performed only when necessary

for these reasons and not be put in place to position the Utility for future anticipated development. These system upgrades are defined to be capital projects justified and approved for construction following a Utility's normal administrative budgetary channels and procedures, and documentation for such will be provided to the other Utility upon written request. Connecting points on a Utility's distribution system must be for reliability and coordination purposes only. The connecting distribution line may not serve Customers within 1,000 feet of the Existing Facilities of the other Utility that were in place at the time of that system upgrade.