



**West Florida Electric
Cooperative Association, Inc.**

A Touchstone EnergySM Partner



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July 30, 2001

Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0985

RECEIVED - FPSC
01 JUL 30 PM 4:14
COMMISSION
CLERK

RE: Docket No.: 010441-EU

Dear Ms. Bayo:

Enclosed is the original and 15 copies of the Direct Testimony of the following individuals:

- William S. Rimes** - 09271-01
- Russell L. Dunaway** - 09272-01
- Gary F. Clark** - 09273-01
- Joseph E. Perry, III P.E.** 09274-01
- Jeff Parish** 09275-01
- Damon Morgan** 09276-01
- James A. Brook** 09277-01

Also, enclosed herewith the direct testimonies is a self-addressed stamped envelope and a copy of this letter. Will you kindly date stamp and return the copy to the address printed on the envelope.

If you have any questions, please call.

Sincerely,

Gary F. Clark, C.E.M.
Vice President, Member Services

- APP _____
- CAF _____
- CMP _____
- COM 30g
- CTR _____
- EGR _____
- LEG T
- OPC _____
- PAI _____
- RGO _____
- SEC T
- SER _____
- OTH _____

/bma
Enclosure
xc: John H. Haswell, Esquire
Jeffrey A. Stone, Esquire

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FPSC-BUREAU OF RECORDS

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

Date Filed: July 30, 2001

DIRECT PREFILED TESTIMONY

OF

WILLIAM S. RIMES

FOR

**WEST FLORIDA ELECTRIC
COOPERATIVE ASSOCIATION, INC.**

DOCUMENT NUMBER-DATE

09271 JUL 30 2001

FPSC-COMMISSION CLERK

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 Appalachian
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.

AFFIDAVIT

STATE OF FLORIDA

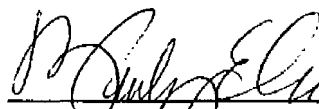
COUNTY OF Jackson

BEFORE ME, the undersigned authority personally appeared WILLIAM S. RIMES, who being by me first duly sworn and who is personally known to me, deposed and says that the foregoing Pre-Filed Direct Testimony and Exhibits, if any, are true and correct to the best of his information, knowledge and belief.



William S. Rimes

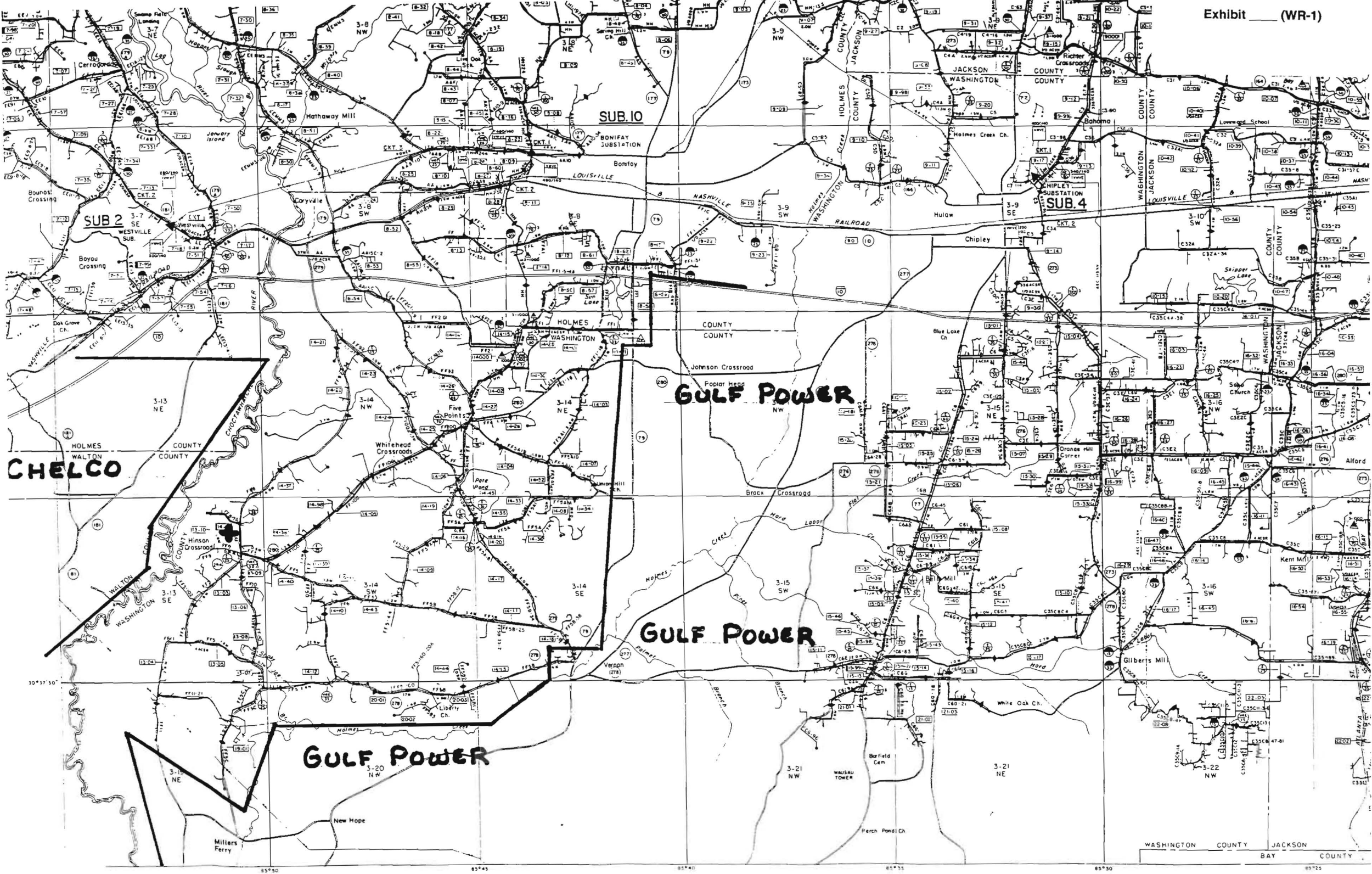
Sworn to and subscribed before me this 27th day of July, 2001.

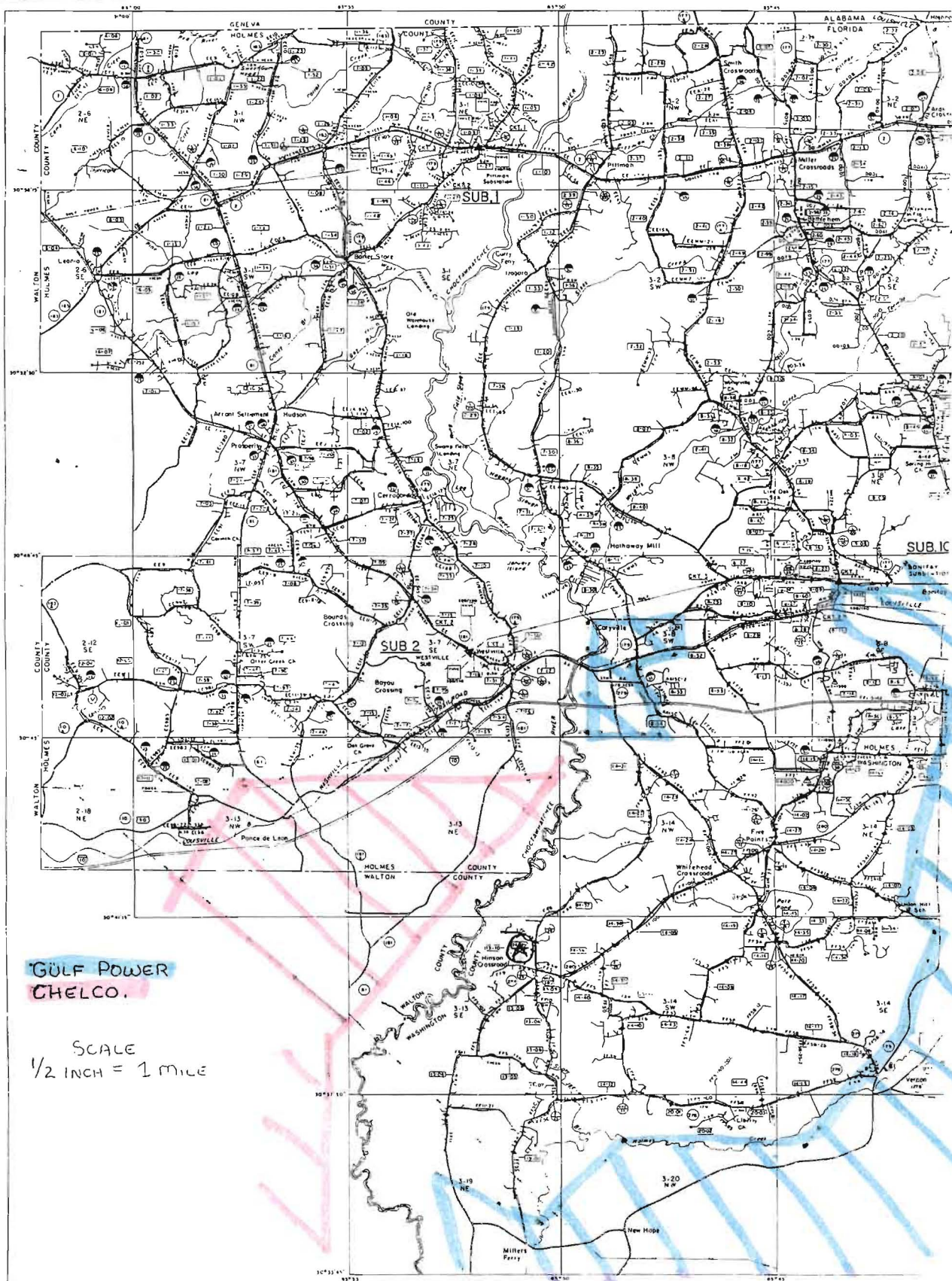


Notary Public, State of Florida
Print Name: Beverly E Anderson
Commission Number: CC829709
Commission Expiration Date: 4-25-03



Beverly E Anderson
My Commission CC829709
Expires April 25, 2003





H. J. ...
8 and 9
Location Num

Exhibit (WR-3)

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, CHELSEA, WASHINGTON, GULF
(Cross out those that do not apply)

State of Florida, and more particularly described as follows:

Sec. 14 and 19 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., 1946.

J. M. Lee (L. S.)
Annie Lee (L. S.)

Signed, sealed and delivered in the
presence of:

Carlton Franklin
J. D. ...
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 1946.

Carlton Franklin

Notary Public, State of Florida at Large
My commission expires March 31, 1950.
Bonded by American Surety Co. of N. Y.