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Pensacola, Florida 32520

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January 22, 2002

Ms. Blanca S. Bayo, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 010949-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Rebuttal Testimony to be filed in the above docket consisting of the following witnesses:

Robert A. Bell  
Charles A. Benore  
Francis M. Fisher, Jr.  
M. W. Howell  
J. Thomas Kilgore, Jr.  
Ronnie R. Labrato  
Richard J. McMillan  
Robert G. Moore  
Margaret D. Neyman  
Donald S. Roff  
R. Michael Saxon  
Tony A. Silva and Scott C. Twery

*DNS 00774-02 thru  
00785-02*

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for rate increase by )  
Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 010949-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished  
this 22nd day of January 2002 by U.S. Mail to the following:

Marlene Stern, Esquire  
Staff Counsel  
FL Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0863

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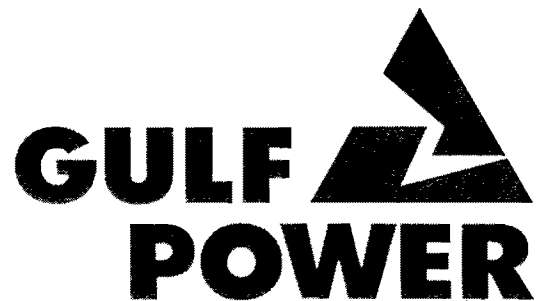


JEFFREY A. STONE  
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850 432-2451  
Attorneys for Gulf Power Company

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 010949-EI**

**REBUTTAL TESTIMONY  
OF  
ROBERT A. BELL**



**A SOUTHERN COMPANY**

DOCUMENT NUMBER - DATE  
00774 JAN 22 88  
FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Rebuttal Testimony of  
4 Robert A. Bell  
5 In Support of Rate Relief  
6 Docket No. 010949-EI  
7 Date of Filing: January 22, 2002

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

9 A. My name is Robert Bell. I am Vice President of Compensation and  
10 Benefits for Southern Company. My business address is 270 Peachtree  
11 Street, NW, Suite 800, Atlanta, Georgia 30303.

12 Q. What are your responsibilities and duties as Vice President of  
13 Compensation and Benefits?

14 A. I am responsible for directing the design, implementation and  
15 administration of compensation and benefits for Southern Company. My  
16 duties include ensuring that Southern Company provides wages and  
17 benefits that are competitive and support the Company's objectives for  
18 attracting, retaining and motivating employees. I am also responsible for  
19 ensuring that the Company complies with federal and state legislation  
20 governing employee compensation and benefits.

21 Q. Please describe your educational and professional background.

22 A. I earned a Bachelor of Business Administration (BBA) degree from  
23 Georgia State University in 1972. During my 29 years with Southern  
24 Company, I have held positions of increasing responsibility in Human  
25 Resources at Georgia Power, Southern Nuclear Operating Company and

1 Southern Company Services, Inc. My background and experience include  
2 assignments in the areas of Staffing, Equal Employment Opportunity,  
3 Human Resource Planning, and Compensation. I was named General  
4 Manager of Human Resources at Southern Nuclear Operating Company  
5 in 1988 and Director of Compensation and Benefits at Southern Company  
6 Services in 1991. I was named Vice President of Compensation and  
7 Benefits in 2000. I am active as a member of The Conference Board  
8 Research Council on Employee Benefits and the Edison Electric Institute  
9 (EEI) Compensation and Benefits Committee. In the past, I have served  
10 as a member of the Institute of Nuclear Power Operators' (INPO) Human  
11 Resource Planning Committee and EEI's Affirmative Action Committee.

12

13 Q. What is the purpose of your testimony?

14 A. The purpose of my testimony is to comment on the positions taken by  
15 Helmut W. Schultz, III, in his testimony in regard to incentive  
16 compensation, in light of the Company's compensation philosophy.

17

18 Q. What do you mean by the phrase "compensation philosophy?"

19 A. Most companies have developed a compensation philosophy to guide all  
20 compensation decisions. The compensation philosophy typically provides  
21 for the definition of the labor market, the appropriate mix of fixed and  
22 incentive pay, and the comparative level vis-a-vis the competitive market  
23 at which pay will be targeted.

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1 Q. What is Gulf Power's compensation philosophy?

2 A. Gulf Power Company's philosophy is derived from the Southern Company  
3 compensation philosophy. Gulf Power's compensation philosophy is  
4 centered on the need to attract, retain, and motivate talented employees.  
5 Marketplace realities and the need to provide top quality service to our  
6 customers dictate this. In order to attract, retain, and motivate employees,  
7 Gulf Power offers a compensation plan that consists of base salaries and  
8 incentive compensation. Base salaries are targeted at or near the median  
9 of the appropriate external comparator. Through the Company's incentive  
10 pay plan, employees can earn up to an amount targeted at the top quartile  
11 of the industry.

12 In order to keep employees focused on excellence, the Company  
13 has placed a significant portion of an employee's pay "at risk." The pay is  
14 "at risk" because it must be re-earned each year, as opposed to base  
15 salary, which rarely declines in amount. It is important to note that the pay  
16 is "at risk" for the individual employee; however, the Company anticipates  
17 that total compensation expense will remain relatively constant over time,  
18 thereby enabling the Company to continue offering total pay that is market  
19 competitive. Only through performing well and meeting customer needs  
20 do employees have the opportunity to be paid at the top quartile of the  
21 industry.

22

23 Q. Mr. Schultz suggests that a portion of Gulf Power Company's projected  
24 compensation for the test year should be disallowed. Is Gulf Power's  
25 overall compensation package reasonable and appropriate?

1 A. Yes. Each year, we conduct an analysis of overall compensation. The  
2 Company utilizes compensation surveys developed by independent  
3 consulting firms to perform these analyses. Data is drawn from  
4 approximately 40 surveys that contain salary data for hundreds of jobs  
5 from a wide variety of companies. These surveys reflect the appropriate  
6 geographic and industry labor segments for the areas in which we recruit  
7 our talent. The process of defining total compensation for each position is  
8 reasonable and appropriate and consistent with sound compensation  
9 practice. Current analysis shows Gulf Power's pay to be both consistent  
10 with its compensation philosophy and current market.

11 Mr. Silva and Mr. Twery will provide more information on the  
12 competitiveness of Gulf Power's compensation in their testimony.

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14 Q. Does this conclude your testimony?

15 A. Yes.

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