

One Energy Place
Pensacola, Florida 32520

Tel 850.444.6111



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
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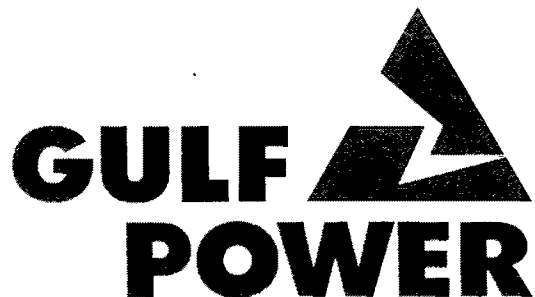


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Attorneys for Gulf Power Company

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 010949-EI

**REBUTTAL TESTIMONY
OF
MARGARET D. NEYMAN**



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

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

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

9 A. My name is Margaret E. Neyman, and my business address is One
10 Energy Place, Pensacola, Florida 32520. I am Gulf Power Company's
11 General Manager of Marketing.

12 Q. Are you the same Margaret E. Neyman that provided direct testimony on
13 Gulf Power's behalf in this docket?

14 A. Yes.

15 Q. What is the purpose of your testimony?

16 A. The purpose of my testimony is to address the testimony provided by
17 Kimberly H. Dismukes and Edward D. Bass, II, as it relates to advertising
18 expenses.

19 Q. What is your reaction to Ms. Dismukes' testimony?

20 A. Ms. Dismukes quotes a very narrow passage of my testimony to assert
21 that certain advertising expenses should be disallowed. Her testimony
22 seems to miss or ignore the entire point of my testimony, which was that
23 Gulf Power uses all advertising to establish credibility and loyalty with
24 customers in order to enable us to effectively market our products and
25

1 programs. Establishing credibility and loyalty are critical elements in
2 encouraging customers to participate in our products and programs such
3 as energy efficiency and power quality. Customers will not participate if
4 they do not believe in the program or the provider.
5

6 Q. What type of advertising did Ms. Dismukes say should be disallowed?

7 A. Ms. Dismukes restates the Commission's position in previous rate
8 proceedings disallowing advertising regarded as "image building".
9 I recognize that the Commission has taken this position in the past, but
10 Gulf believes that such advertising is important to the overall success of
11 its programs. No matter what you are selling or offering in the
12 marketplace, customers must trust you before they are willing to accept
13 your offer. This includes encouraging customer participation in energy
14 conservation programs. Gulf Power has long recognized this basic fact
15 and has used its advertising program to establish the Company as a
16 reliable, professional entity worthy of the customer's trust. Indeed, the
17 very ads Ms. Dismukes quotes in her testimony said "our proven reliability
18 creates dependable relationships" and "with some of the lowest rates in
19 the country, it's what we call a valuable relationship." These messages
20 are critical to establishing the Company as worthy of a relationship with
21 the customer based on value and dependability. And, again, this is critical
22 to gaining acceptance and participation in our programs. The
23 Commission stated in Order No. PSC-96-1320-FOF-WS:
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1 However, we also recognize that the utility's conservation
2 efforts need to gain support and trust from its customers
3 in order to be successful. [emphasis added]

4 Although these ads do not mention a particular conservation program,
5 they are still critical to the success of Gulf's conservation programs.
6

7 Q. Do you have any other comments based on Ms. Dismukes' testimony?

8 A. Yes. Mass market advertising is Gulf Power's most valuable tool in
9 affecting customer beliefs and actions on an ongoing basis. Customers
10 are influenced by the totality of your advertising program over time, not
11 just the content of a single ad here or there. You cannot, as
12 Ms. Dismukes suggests, select just one or two ads and say the entire
13 campaign is ineffective in promoting acceptance of Gulf Power's energy
14 conservation programs. To the customer, all ads impact their decision on
15 whether or not to act on the services or products provided. The customer
16 views all of our advertising as representative of Gulf Power. All of Gulf's
17 advertising serves to promote the acceptance of the Company and all of
18 its products and services, whether the specific products or services are
19 mentioned in a single ad. Building this acceptance and trust is extremely
20 important when trying to convince customers to sign up for energy
21 conservation programs such as **GoodCents Select**. Energy conservation
22 programs are difficult to promote, because they do not represent a
23 product or service people perceive they need to buy on an ongoing basis
24 such as food, clothes, soap, automobiles or other everyday items. The
25 trust factor in the service provider has to be higher when convincing

1 customers to buy something they do not perceive as a "must have" - such
2 as energy conservation programs. This is why Gulf Power believes all of
3 its advertising should be allowed. All of Gulf Power's advertising is aimed
4 at one goal - building acceptance and trust in the Company so that
5 customers will respond to Company offerings, most specifically the
6 Company's energy conservation programs.

7

8 Q. Are there other benefits beyond energy conservation where this type of
9 advertising helps the Company?

10 A. Yes. The Company's advertising ensures the customer has the right
11 information to make a decision that is in their best interest. This type of
12 advertisement builds trust and confidence in the services and products
13 provided. Products and services such as power quality and reliability
14 initiatives are then viewed as positive programs and customers are
15 receptive to participation.

16

17 Q. Does this conclude your testimony?

18 A. Yes.

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