

LAW OFFICES  
J. PATRICK FLOYD, P. A.  
408 LONG AVENUE  
POST OFFICE DRAWER 950  
PORT ST. JOE, FLORIDA 32456-0950

ORIGINAL  
SEE COPY

PORT ST. JOE (904) 227-7413  
APALACHICOLA (904) 653-8056

May 24, 1994

Ms. Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32399-0870

Re: Docket No. [REDACTED]

Dear Ms. Bayo:

Enclosed for official filing in the above referenced docket are an original and fifteen copies of the Prepared Direct Testimony and Exhibits of Mr. H. W. Norris.

Sincerely,

*J. Patrick Floyd*  
J. Patrick Floyd

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
JPF/pb \_\_\_\_\_  
CIAJ \_\_\_\_\_

Enclosures: as stated

*2/24/94*  
*1/1/94*  
*1/1/94 X/*  
ORC \_\_\_\_\_  
RCH \_\_\_\_\_  
SAC \_\_\_\_\_  
WAS \_\_\_\_\_  
SIN \_\_\_\_\_

RECEIVED  
*max*

*Norris*  
DOCUMENT NUMBER-DATE  
05099 MAY 24 85  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to resolve ) Docket No.: 930885-EU  
territorial dispute with Gulf ) Served: May 24, 1993  
Coast Electrical Cooperative, Inc. )  
by Gulf Power Company )  
\_\_\_\_\_ )

CERTIFICATE OF SERVICE

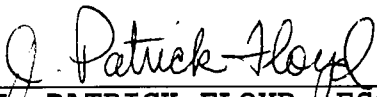
I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery or U.S. Mail on this 24th day of May, 1994.

Martha Carter Brown, Esquire  
Florida Public Service  
Commission  
101 East Gaines Street  
Tallahassee, FL 32301

Jeffrey A. Stone, Esq.  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

G. Edison Holland, Esquire  
Gulf Power Company  
P. O. Box 1151  
Pensacola, Florida 32520-0100

Teresa E. Liles, Esq.  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

  
\_\_\_\_\_  
J. PATRICK FLOYD, ESQUIRE  
408 Long Avenue  
Port St. Joe, FL 32456  
(904) 227-7413  
FLORIDA BAR NO. 257001

JOHN H. HASWELL, ESQUIRE  
Chandler, Lang & Haswell,  
P.A.  
211 N. E. 1st Street  
P. O. Box 23879  
Gainesville, FL 32602  
FLORIDA BAR NO. 0162536  
ATTORNEYS FOR GULF COAST  
ELECTRIC COOPERATIVE, INC.

1 GULF COAST ELECTRIC COOPERATIVE, INC.  
2 Before The Florida Public Service Commission



3 DIRECT TESTIMONY OF  
4 H. W. NORRIS

5 Docket No. 92-0000-0000

6 Date of Filing: May 24, 1994

7 Q: What is your name, business address and position  
8 with Gulf Coast Electric  
9 Cooperative, Inc?

10 A: H. W. Norris, P. O. Box 220, Highway 22,  
11 Wewahitchka, Florida and I am the Manager of Gulf  
12 Coast Electric.

13

14 Q: As Manager, do you hold the highest authority  
15 position employed by Gulf Coast Electric  
16 Cooperative, Inc?

17 A: Yes, I do.

18

19 Q: How long have you held the position as Manager and  
20 can you give us some background of your service in  
21 the electrical distribution business.

22 A: I have continuously served as General Manager for  
23 Gulf Coast Electric Cooperative, Inc. since  
24 November of 1976. I started working for Electric  
25 Cooperatives in 1960, served with one Coop for

1 five years, then moved to another Cooperative and  
2 served for some 13 years. During the course of my  
3 career, I have served as Assistant Manager, Member  
4 Services Advisor and numerous other positions.

5

6 Q: Does your family have a history of service to  
7 electric cooperatives?

8 A: Yes. My Father was Manager for a number of years  
9 and has been in the business since the inception of  
10 Cooperatives in 1939. He continued in his service  
11 for electric cooperatives until his retirement a  
12 few years ago.

13

14 Q: What is the mission of Gulf Coast?

15 A: To provide electric service to the cooperative's  
16 members in our service area at the lowest cost  
17 possible following prudent business practices, and  
18 in compliance with rules and regulations of the  
19 Rural Electrification Administration.

20

21 Q: What counties make up your service area?

22 A: Washington, Jackson, Calhoun, Walton, Bay and Gulf  
23 Counties.

24

25 Q: Why was Gulf Coast Electric Cooperative created?

1       A:    Gulf Coast Electric Cooperative was created out of  
2            necessity by the people in the unincorporated areas  
3            of Washington, Jackson, Calhoun, Walton, Bay and  
4            Gulf Counties because there was no other way for  
5            them to get electric service.

6

7       Q:    Why couldn't they get electric service from Gulf  
8            Power or other for profit utilities?

9       A:    Gulf Power, and other investor owned, for profit  
10            utilities, made a conscious decision not to provide  
11            service in any rural area where they felt they  
12            could not make a profit.    It was an economic  
13            decision not to serve the rural, low density areas.

14

15      Q:    So service in rural areas is more expensive than  
16            that to urban areas?

17      A:    Yes it is.  We have far fewer customers per mile of  
18            line, and hence, less revenue per mile of line than  
19            our investor owned neighbors who basically confined  
20            service to more urban areas and commercial loads.

21

22      Q:    What did the rural residents of your service area  
23            do to get electricity?

24      A:    They got together and formed Gulf Coast Electric  
25            Cooperative, Inc. in 1941, and began the process of

1 building our electric distribution system in the  
2 areas they lived and worked. The cooperative form  
3 of this utility is democratic, one member, one  
4 vote. All members have a direct voice in the  
5 management and operation of their cooperative. It  
6 is a non-profit business. We are committed to  
7 providing the best service at the lowest cost.

8  
9 Q: How does your "lowest cost" policy compare to the  
10 costs of an IOU, such as Gulf Power?

11 A: Naturally our lowest cost, based on prudent utility  
12 practices, is going to be higher than the lowest  
13 cost of a system that has a density 10 times  
14 greater than ours and keep in mind that if Gulf  
15 Power served our areas their system costs would be  
16 higher, and their costs in the same rural areas  
17 should be no less than ours.

18  
19 Q: Did you plan the costs to stay the same or did you  
20 plan to get those costs down?

21 A: To comply with REA requirements that we provide  
22 "area coverage" to all who requested it in our  
23 service area, we, like any other utility, developed  
24 long range plans and construction work plans that  
25 anticipated growth and a higher density. Our goal,

1 of course, was, and still is, to increase our  
2 density and acquire more industrial and commercial  
3 loads and improve efficiency and load factor. This  
4 will benefit all our members and allow us to spread  
5 our costs over a larger number of services.

6

7 Q: If you do not serve more commercial and industrial  
8 loads that locate in your service area, and do not  
9 provide service to higher density residential  
10 developments, what will happen to your costs?

11 A: Our costs will go up. Unless the cooperative  
12 continues to grow and fill in the service to  
13 commercial and industrial loads in our service  
14 area, we will have ever increasing costs to spread  
15 over fewer people.

16

17 Q: So your goals include increasing your density and  
18 class diversity?

19 A: Yes. We would not be acting in the best interest  
20 of our members who are the rate-payers, if we  
21 didn't. Gulf Power's customer base is 44%  
22 residential, 29% commercial and 19% industrial.  
23 81% of Gulf Coast's members are residential and  
24 approximately 17.5% are commercial. In addition,  
25 the more urban residential customers of Gulf Power

1 use more energy than the customers of Gulf Coast on  
2 a per consumer basis, so there is a higher  
3 utilization of facilities by Gulf Power's urban  
4 customers, hence a lower cost to Gulf Power per  
5 unit sold. Net revenue per mile of distribution  
6 line of Gulf Power totals \$66,011, nearly 12 times  
7 the net revenue of Gulf Coast which is \$5,357.

8

9 Q: Then because of its initial reason for existing and  
10 due to geography, demographics and class diversity,  
11 Gulf Coast has operating disadvantages compared to  
12 Gulf Power?

13 A: Yes, and those disadvantages will continue unless  
14 we continue our efforts to improve our density,  
15 class diversity, and utilization. If we maintain  
16 the right to serve new customers within our  
17 established service area, existing and new  
18 customers will benefit through lower costs of a  
19 more efficient system.

20

21 Q: Does Gulf Coast Electric Cooperative, Inc. have a  
22 rural development policy?

23 A: Yes. Historically, the rural areas of the country  
24 have lacked leadership in rural area development.  
25 Our state and federal governments up until recent



1 years have paid little attention to efforts to  
2 enable people to acquire jobs in manufacturing,  
3 industrial and commercial type professions in rural  
4 areas. The Cooperatives found themselves in the  
5 position of a leadership role in trying to  
6 stimulate and motivate rural development in their  
7 service areas which would also enable the  
8 cooperative to attain better density and class  
9 diversity, and lower our rates.

10 For many years the country's cooperatives, some  
11 1000 of them, have played that role without federal  
12 or state assistance. Now the federal and state  
13 governments, including Florida, see the wisdom of  
14 encouraging rural development and have adjusted  
15 policies and plans to implement rural area  
16 development.

17 Local county governments, the State of Florida and  
18 federal officials have established requirements for  
19 rural development and endorse it as one of the  
20 primary goals for the expansion of the economy and  
21 the provision of service opportunities to the  
22 people in rural areas.

23

24 Q: Can you provide us an example with an actual  
25 situation

1           where Gulf Coast Electric has put into effect their  
2           rural development policy?

3       A:    Yes.    Recently, Gulf Coast was involved in the  
4           location of a Correctional Facility by the State of  
5           Florida in Gulf County.    The Department of  
6           Corrections was considering the location of a  
7           correctional facility in Gulf County but had to  
8           have the land provided at no cost to it and had to  
9           have this done quickly because there were other  
10          counties within the state that were competing for  
11          the facility as a boost to their economy, and rural  
12          development. Gulf County did not have the funds to  
13          pay for the land to donate to the State of Florida  
14          for the correctional facility.    The facility  
15          offered some 300 jobs in a very small rural  
16          community of Wewahitchka, Florida, which lacked an  
17          industrial base. Gulf County saw the opportunity  
18          as an advantage because the state would pay for the  
19          required infrastructure and therefore the County  
20          would not have to provide or finance items such as  
21          water and sewer service. As part of the rural  
22          development action plan of Gulf Coast Electric the  
23          members of the Cooperative agreed to provide  
24          \$45,000 to add to the County's \$95,000 to enable  
25          the County to purchase the necessary property.

1           The \$45,000 paid by the Cooperative's members was  
2           paid from general funds, and was money that was  
3           owned by the members.

4

5       Q:    The \$45,000 was not money allocated for  
6           construction purposes?

7       A:    No. The funds had nothing to do with building  
8           facilities. In comparing this to Gulf Power, it  
9           would be similar to the stockholders of Gulf Power  
10          making a contribution out of stockholder earnings  
11          for rural development. Consequently it would not,  
12          and should not affect Gulf Power's rate base.

13

14       Q:    What has been the result of your rural development  
15           effort in Gulf County?

16       A:    In this one case there are probably more than 150  
17           people that were hired locally, and most of them  
18           are members of the Cooperative. We also find that  
19           happening in a number of the other counties.

20           The addition of 150 new members to our existing  
21           system has helped to improve our density. Because  
22           our system is already in place and is capable of  
23           serving much more of a load than it is presently  
24           serving, the more people that are added to the  
25           lines, the more revenue that is going to come in.

1           The more revenue that comes in, since this is a  
2           non-profit corporation, the more the rates are  
3           going to decrease as the cost of providing this  
4           service will be spread out among the increasing  
5           number of residents.

6           The prison itself is an ideal load for load  
7           balancing and diversity. The prison runs 24 hours  
8           a day, 7 days a week and that has a tendency to  
9           increase load factor and better regulate the  
10          demand. Normally the demand peaks early in the  
11          morning when people get up and at night when they  
12          are eating supper and going to bed. When you level  
13          those demands you can keep your costs down, and  
14          that affects our rates in a beneficial manner.

15

16        Q:    Regarding the area in Gulf County where the Gulf  
17              Correctional Facility was located, were there any  
18              other power suppliers to provide service to that  
19              facility?

20        A:    No, there were no others. As a matter of fact the  
21              nearest other power supplier other than Gulf Coast  
22              Electric was located some 17 or 18 miles away. We  
23              were not competing with anyone when we gave the  
24              \$45,000 to Gulf County in order to allow them to  
25              secure the Gulf Correctional Facility. Our purpose

1           was to work together to acquire an industry to  
2           benefit the residents of the County. There was no  
3           other electric utility that was involved that would  
4           require us to compete as far as that load was  
5           concerned.

6

7           Q: Mr. Norris, in the South Washington County area  
8           which utilities were providing people with  
9           electricity first and when did that take place?

10          A: In 1951 there was no power being provided to the  
11          people in that area at all. Gulf Coast Electric  
12          Cooperative, Inc. was asked to supply electricity  
13          into the South Washington area and we built a line  
14          and furnished electricity to members as they  
15          requested it in their homes and businesses. At  
16          that time Gulf Power was only serving customers in  
17          the towns of Vernon and Chipley. This, of course,  
18          was part of Gulf Power's development and expansion  
19          plan that it only serve those areas where it could  
20          make a profit.

21

22          Q: When you began serving South Washington County in  
23          1951, did Gulf Power object?

24          A: No. They were not interested in serving those high  
25          cost, low density areas.

1 Q: Do you have an exhibit that refers to this area?

2 A: Yes. My exhibit, which is Exhibit \_\_\_\_\_ (HN-4)  
3 shows our facilities in red and Gulf Power's in  
4 green. This is not intended to be a detail map  
5 that shows every line of the two utilities.

6  
7 Q: Generally, tell us about the disputed area and your  
8 cooperative's service to it.

9 A: As I said, we began service to the area in 1950-51.  
10 We constructed a line up SR 77 towards Wassau, past  
11 what is now Sunny Hills. We had a line in place on  
12 Red Sapp Road in 1950 which runs right through the  
13 disputed area, to serve customers in the area and  
14 to the west and north, prior to the construction of  
15 CR 279. For over 20 years we built, developed and  
16 maintained service in the area shown on the exhibit  
17 without any presence of Gulf Power. Then in 1971  
18 the county completed CR 279 from Vernon to the  
19 intersection of SR 77. About the same time the  
20 Deltona Corporation announced plans to develop  
21 Sunny Hills as a residential development. Gulf  
22 Power then built, over our objection, a new line  
23 down 279 and up 77 to Sunny hills. They crossed  
24 our lines many times to do so.

25

1 Q: Did you make a formal complaint?

2 A: Yes we did. We filed a suit in circuit court to

3 enjoin Gulf Power from serving Sunny Hills. At

4 that time, the PSC had no jurisdiction over these

5 kinds of disputes.

6

7 Q: What happened as a result of your complaint?

8 A: The circuit court dissolved the temporary

9 injunction, and allowed the customer, Deltona, to

10 select the power supplier, and they chose Gulf

11 Power.

12

13 Q: So Gulf Power did not build its line on 279 to

14 serve any of your customers in that area?

15 A: No. They built the line to serve Sunny Hills,

16 because they could not get a substation in at Sunny

17 Hills fast enough to suit Deltona.

18

19 Q: Gulf Power then built a substation in Sunny Hills?

20 A: Yes. They built it at the end of a long tap to

21 their transmission line and installed 24,640 MVA of

22 capacity.

23

24 Q: What's their load on that substation after 23 years

25 of growth in Sunny Hills?

1 A: According to Mr. Weintritt, the load is 2,203 KVA.  
2 That means that after 23 years of "careful  
3 planning", the Gulf Power facilities are loaded to  
4 less than 10% of capacity they built to serve the  
5 tens of thousands of residents they projected for  
6 Deltona's Sunny Hills subdivision.

7

8 Q: Would you call that good planning?

9 A: No.

10

11 Q: Did Gulf Power attempt to serve any other areas in  
12 your service area?

13 A: Confining myself to my exhibit, yes, in the area  
14 of Leisure Lakes. The reason this is important is  
15 that Mr. Weintritt claims we crossed Gulf Power's  
16 facilities twice, and one of those crossings is  
17 where Gulf Power built a line on the west side of  
18 77 down to the entrance road to Leisure Lakes and  
19 then into the area. The PSC found that Gulf Power  
20 should not have done so, and awarded the service to  
21 Gulf Coast. The PSC in Order No. 13668, Docket No.  
22 830484-BU, found that Gulf Power "Blatantly  
23 constructed facilities in total disregard of the  
24 Cooperative's facilities." It further found that  
25 Gulf Power's construction of 2.2 miles of



1 distribution line and its Greenhead substation was  
2 an uneconomic duplication of facilities.

3

4 Q: What did Gulf Power do after that order was  
5 entered?

6 A: It removed its substation, but left its  
7 distribution line on 77.

8

9 Q: So the line you are accused of crossing over should  
10 not even be there.

11 A: Yes, that's right.

12

13 Q: What is the purpose of your testimony here today?

14 A: As I have already explained, to provide information  
15 and background to this dispute and to show the  
16 process we went through that led us to assist  
17 Washington County in acquiring an economic benefit  
18 for that County.

19

20 Q: Was this process similar to that in Gulf County?

21 A: Yes. The Washington County Board of County  
22 Commissioners wanted the DOC to locate a  
23 correctional facility in a rural area of South  
24 Washington County to help the citizens and  
25 residents from an economic standpoint.

1           In order to make this possible, they had to locate  
2           and       purchase   the   property   free   of   all  
3           encumbrances.   They had to act quickly or else  
4           another county might be selected.

5           To ensure our members and their children with the  
6           benefits of the location of this facility in  
7           Washington County in terms of jobs, increased  
8           payroll in the local community as well as other  
9           factors, the members of the Cooperative, pursuant  
10          to their rural development financial assistance  
11          policy, likewise offered a grant of \$45,000 and  
12          agreed to bear the cost of relocation of the Gulf  
13          Coast Electric lines on Red Sapp Road which have  
14          been located on the property for over 40 years.  
15          According to Washington County, the financial  
16          assistance provided under the rural development  
17          policy of Gulf Coast was crucial to their even  
18          being able to secure the prison for Washington  
19          County.   See Exhibit \_\_\_\_\_ (HN-5).   Therefore  
20          without the action taken by Gulf Coast which is  
21          complained about by Gulf Power in this case, there  
22          would be no correctional facility and therefore no  
23          service to be disputed here.

24          After considering the rates, reliability of  
25          service, the location of Gulf Coast lines on the

1 property itself and the assistance provided by Gulf  
2 Coast to make this addition to the economy of the  
3 county possible, the County Commissioners of  
4 Washington County voted unanimously for Gulf Coast  
5 to serve the property where the correctional  
6 facility is to be located. Furthermore, the  
7 residents in this rural area of South Washington  
8 County, as members of Gulf Coast Electric  
9 Cooperative, Inc., borrowed money over 40 years ago  
10 (a part of which is still owed) to provide  
11 themselves and their neighbors with reliable  
12 electrical service with the anticipation of serving  
13 any type of industrial or commercial loads that  
14 might come in the future. This projected plan of  
15 serving these type loads was actually the basis of  
16 borrowing the monies, being able to pay back the  
17 monies and formulation of the long range plans in  
18 the anticipation of one day realizing better rates  
19 when these type facilities and loads could be  
20 served.

21

22 Q: Could Gulf Power have done the same thing you did?

23 A: Absolutely. All our discussions with the County,  
24 the meetings of the Commission, and the DOC  
25 meetings are open to public view under The Sunshine

1 Law or public records laws. Gulf Power was aware  
2 of what was going on, or at least should have  
3 known. They could have just as easily offered to  
4 do the same assistance we offered, and could have  
5 offered a larger sum of money to Washington County  
6 to help them make sure the County won the approval  
7 of the DOC.

8

9 Q: To your knowledge, did Gulf Power ever make such an  
10 offer to assist the county in rural area  
11 development?

12 A: No.

13

14 Q: Do you know why not?

15 A: My presumption is that Gulf Power could not add any  
16 contribution to its rate base and would have to  
17 charge it against the shareholders of the company.

18

19 Q: So Gulf Power sat back and waited until after you  
20 helped secure the correctional facility for the  
21 County?

22 A: Yes. Gulf Coast provided the effort and capital to  
23 establish electrical service to this area and to  
24 foster the rural development which has occurred to  
25 date. Gulf Power, now, as it traditionally has in

1 the past, desires to pick and choose the better  
2 loads out of the rural area served by Gulf Coast  
3 thus relegating the members of Gulf Coast Electric  
4 Cooperative to diminishing returns on their  
5 investment efforts and sentencing them to ever  
6 increasing rates to simply supplement the expansion  
7 activity of Gulf Power.

8

9 Q: What effect will there be on your members if Gulf  
10 Coast does not serve the disputed area?

11 A: If we do not serve the area we will have an  
12 immediate negative effect on our ability to improve  
13 system load factor, class diversity, and density.  
14 In addition our members who own the Cooperative and  
15 who live in our service area will have lost the  
16 benefit of the rural development grant that would  
17 then be a benefit to Gulf Power, and its  
18 stockholders. Keep in mind that Gulf Power was  
19 unwilling to do anything to help get the prison  
20 located in Washington County. It sat back and  
21 waited while we did the work. There would be no  
22 correctional facility for Gulf Power to argue over  
23 if we had not assisted Washington County.

24

25 Q: What should happen to your relocation costs and

1 costs of temporary service if you do not serve the  
2 prison?

3 A: We should be reimbursed in full for those costs.  
4 If Gulf Power had been selected as the power  
5 supplier, it would have had to pay us to acquire  
6 our facilities. It should not be allowed to keep  
7 the benefits that our members paid for at the  
8 request of the DOC.

9

10 Q: What about the rural development funds that you  
11 granted to Washington County if you do not serve  
12 the prison?

13 A: Those funds should be returned to us so they can be  
14 available for other rural development projects and  
15 so Gulf Power is not unjustly enriched by our  
16 grant.

17

18 Q: What other assistance did you provide to Washington  
19 County?

20 A: In addition to the assistance provided above, I  
21 assisted Washington County in other matters to help  
22 them in making the contacts with correctional  
23 officials and to obtain the necessary information  
24 to locate the prison in South Washington County.  
25 This assistance was based on the experience that we

1 received in assisting Gulf County in securing their  
2 correctional facility. Finally, I was aware that  
3 there was a program which would provide an interest  
4 free federal loan to further assist Washington  
5 County in the purchase of their land. They had  
6 already advised me that they simply had to have  
7 this loan in order to secure the project.  
8 We provided the expertise to write the request for  
9 that loan. The documents are relatively  
10 complicated and tedious to prepare. We did  
11 this as a part of our rural development policy at  
12 no charge to Washington County but we also at the  
13 same time were not in any position to guarantee the  
14 county that they would receive the amount applied  
15 for (\$308,000) in terms of an interest free loan  
16 from the Rural Electrification Administration. As  
17 you know, the application was analyzed and the  
18 Rural Electrification Administration awarded this  
19 interest free loan to Washington County to assist  
20 them in the purchase of the land to locate the  
21 prison facility. The documentation from this Rural  
22 Electrification Administration indicates that this  
23 is a part of their rural development plan.

24

25 Q: Did you subsequently receive a letter to the effect

1           that it would not have been possible for Washington  
2           County to obtain this correctional facility without  
3           the contribution and assistance of Gulf Coast  
4           Electric.

5       A:    Yes, we did receive that letter and Exhibit \_\_\_\_\_  
6           (HN-5) is a copy of that letter.

7  
8       Q:    Why did the Gulf Coast Electric line that had been  
9           located on the property where the prison was to be  
10          built have to be relocated?

11      A:    As referenced earlier, we had our lines on the  
12          property where the prison was to be built since  
13          1950 and those lines had to be relocated by someone  
14          because they were right over the area where the  
15          prison compound was going to be constructed. Some  
16          100 members of Gulf Coast Electric were being  
17          served off of that line on up to the West of where  
18          the prison was to be built towards Vernon.

19  
20      Q:    How was the proposal of Gulf Coast Electric to  
21          assist Washington County presented?

22      A:    This proposal was presented in writing at a public  
23          hearing before the Washington County Board of  
24          County Commissioners. I did not attend the meeting  
25          where it was originally discussed but I know that



1           it was held at a open meeting which was open to  
2           anybody and everybody and the proposal was no  
3           secret to anyone that wanted to look into what it  
4           was and to make a proposal of their own.  
5           Furthermore, it is my recollection that the  
6           proposal was not voted upon at the first meeting in  
7           which it was discussed but at a later meeting.

8

9           Q:   Why was the proposal presented to the Washington  
10           County Board of County Commissioners?

11           A:   Because they were the ones that had inquired  
12           concerning the financial assistance for rural  
13           development and because the authorities at the  
14           Department of Corrections had informed us after our  
15           initial discussions with them that their preference  
16           as to who should serve the site would be exercised  
17           by Washington County. In short, the DOC agreed to  
18           let the Washington County Commission make the  
19           selection for them.

20

21           Q:   What is the reliability of the service to be  
22           provided by Gulf Coast and how does it relate to  
23           this dispute?

24           A:   We can provide adequate and reliable service, as we  
25           have been doing for the past 40 years. Based on

1           the fact that we have less than 6 miles of exposed  
2           line to the site, and Gulf Power has over 13 miles  
3           from Vernon and over 7 miles from Sunny Hills.  
4           Gulf Power can serve the site from one of two  
5           substations, so can we. If one of their taps or  
6           distribution lines go out, they would have to spend  
7           at least the same amount of time we would to find  
8           the fault and switch the load. But in this  
9           particular case, that issue is not entirely  
10          relevant because the prison will have its own  
11          backup generation.

12

13        Q:    What have the parties to this dispute determined as  
14            the "disputed area"?

15        A:    The origin of the disputed area would be the prison  
16            site but it certainly expands from there. Since  
17            Washington County has chosen Gulf Coast to serve  
18            its entire property in the area, which includes  
19            the prison site, the area of dispute is already  
20            expanded beyond the correctional facility.

21            In the area of South Washington County, I made a  
22            count of the number of times Gulf Power crossed  
23            over our lines. When they built a line into the  
24            Deltona area, they crossed our lines at least five  
25            times and since that time have crossed at least 20

1 more times to serve loads in this same area. As a  
2 point of interest, I would like to note that since  
3 the filing of this dispute, Gulf Power has crossed  
4 over lines again to serve a customer in this area.  
5 The fact that we haven't litigated each one of  
6 these crossings and other obvious improper actions  
7 is directly due to the lack of funds and a staff  
8 of attorneys such as the ones employed full time by  
9 Gulf Power. We simply cannot afford, as Gulf  
10 Power seems to be able, to litigate every dispute.  
11 In attempting to negotiate a territorial agreement  
12 in Washington County, Gulf Coast proposed one of  
13 three lines be examined. Gulf Power suggested  
14 that the agreement negotiations also take in Bay  
15 County to resolve our conflicts there. Certainly  
16 this is evidence of Gulf Power's knowledge that the  
17 area in dispute covers all of South Washington and  
18 a large portion of Bay Counties.

19

20 Q: Do you have our exhibits showing the location of  
21 both utilities in South Washington County and Bay  
22 County?

23 A: Mr. Gordon, our consulting engineer has two  
24 exhibits that show the facilities of the two  
25 utilities. As you can see from those exhibits,

1 Exhibit \_\_\_\_\_ (AWG-6) and Exhibit \_\_\_\_\_ (AWG-7)  
2 there are many areas where our facilities parallel  
3 each other and intermingle. The opportunities for  
4 continuing dispute is great.

5

6 Q: Do you have any other exhibits?

7 A: Yes. Exhibit \_\_\_\_\_ (HN-1) is a letter from the  
8 DOC to Washington County to select the utility  
9 company for the site. Exhibit \_\_\_\_\_ (HN-2) is a  
10 letter from the county selecting Gulf Coast as the  
11 power supplier. Exhibit \_\_\_\_\_ (HN-3) is a  
12 letter from the commission expressing the county's  
13 appreciation for the assistance of Gulf Coast in  
14 acquiring the site for the county.

15

16 Q: Do you have any concluding remarks?

17 A: Only this. Our members are entitled to the best  
18 service at the least cost. Is it not in the public  
19 interest to allow our members to plan and develop  
20 their own utility to enable them to obtain lower  
21 rates? We planned to serve the disputed area, as  
22 we did all of our service areas in all the counties  
23 we serve initially because Gulf Power would not.  
24 We have prepared to serve by planning and  
25 developing our system following prudent utility

1 practice. We need and expect to serve more  
2 industrial and commercial loads to improve density,  
3 class density and load factor. The state and  
4 federal governments now recognize the needs for  
5 rural area development, and that's the business we  
6 have been in since 1941. Times have changed.  
7 There are no longer large numbers of family farms  
8 in rural areas. Electric cooperatives started out  
9 serving a lot of farms, but by and large, those  
10 are gone. We no longer are a bunch of farmers who  
11 organized a utility. We are business people,  
12 school teachers, doctors, lawyers, engineers,  
13 professional people and working folks, just like  
14 the people in higher density urban areas served by  
15 Gulf Power. Our members have the right to expect  
16 decisions and policies of their government that  
17 will foster fair and equitable rates for all rate-  
18 payers, not just those of one utility.

19

20 Q: Which utilities rate payers will benefit most from  
21 service to the disputed area?

22 A: The members of Gulf Coast Electric Cooperative.  
23 This load will not help Gulf Power's diversity,  
24 nor its customers. It will, however, benefit the  
25 cooperative's members by improving diversity and

1 load factor, and by making more efficient use of  
2 our system. Please understand the fundamental  
3 difference between the Cooperative and Gulf Power.  
4 Gulf Power is out to make a profit. There is  
5 nothing wrong with that. In keeping with its  
6 profit motive and non-resident shareholders, it  
7 made decisions years ago not to serve high cost,  
8 remote, and inefficient users of electricity. our  
9 mission was to have anyone in our service area  
10 whether they were a good customer or a bad one in  
11 terms of load factor, remoteness or efficiency.  
12 Now with the movement of industrial, commercial,  
13 and residential customers to the rural areas we  
14 have served for 50 years, we have an opportunity  
15 to lower, or hold down our customer's costs of  
16 service. Gulf Power objects to these opportunities  
17 on a company wide policy basis. It believes, and  
18 has told us so, that it has the right to take (we  
19 call it cherry picking) the more profitable  
20 industrial and commercial loads. If it does so,  
21 and if the Commission allows it, then our entire  
22 class of utility rate payers will be relegated to  
23 every increasing costs, and the opportunities to  
24 achieve rate equity will be lost.

25

1 Q: Are your rates unusually high?

2 A: Not at all. Our comparative rates for 1000 KWH in  
3 April of 1994 were lower than seven other electric  
4 cooperatives and were less than Florida Power's and  
5 Tampa Electric's.

6

7 Q: Should the Commission award territory based on what  
8 rate is charged by a utility?

9 A: No, unless the Commission were to find that the  
10 rates of a utility were unreasonable and unjust.  
11 Rates can change quickly. If Gulf Power were  
12 required right now to install the same air quality  
13 control devices that our wholesale power supplier  
14 has, its rates would go up to cover the cost. The  
15 bottom line is this case is that the Cooperative  
16 has an opportunity to help all the citizens of  
17 Washington County, as well as its own members to  
18 work toward recognized policies for rural  
19 development and lower cost service.

20

21 Q: Does this conclude your testimony?

22 A: Yes, however we have not received Gulf Power's  
23 answers to our interrogatories or document  
24 production request. I may wish to supplement my  
25 testimony depending on receipt of that discovery.

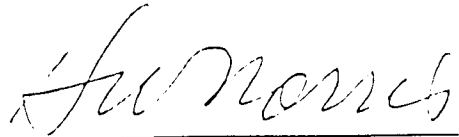
AFFIDAVIT

Docket No. 930885-EU

STATE OF FLORIDA

COUNTY OF GULF

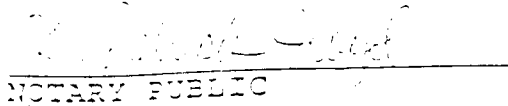
BEFORE ME, the undersigned authority, personally appeared H. W. NORRIS, who being first duly sworn, deposes and says that he is the Manager of Gulf Coast Electric Cooperative, Inc., a Florida corporation, that the foregoing is true and correct to the best of his knowledge, information and belief.



H. W. NORRIS  
Manager, Gulf Coast Electric  
Cooperative, Inc.

I HEREBY CERTIFY that on this day, before me, an officer duly authorized to take acknowledgments, personally appeared H. W. NORRIS, to me known to be the Manager of Gulf Coast Electric Cooperative, Inc. and who executed the foregoing instrument and who acknowledged before me that he executed the same and that I relied upon the following form of identification: Florida Driver's License, No. 123456789 and that an oath (was) (was not) taken.

WITNESS my hand and official seal in the County and State last aforesaid this 23<sup>rd</sup> day of May, 1994.



T. DA-ROCK FLOYD  
Printed name of notary

MY COMMISSION EXPIRES:



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to resolve )  
territorial dispute with Gulf )  
Coast Electrical Cooperative, Inc. )  
by Gulf Power Company )

Docket No.: 930885-EU  
Served: May 24, 1993

CERTIFICATE OF SERVICE

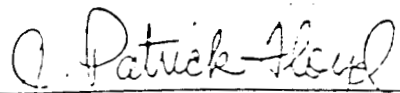
I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery or U.S. Mail on this 24th day of May, 1994.

Martha Carter Brown, Esquire  
Florida Public Service  
Commission  
101 East Gaines Street  
Tallahassee, FL 32301

G. Edison Holland, Esquire  
Gulf Power Company  
P. O. Box 1151  
Pensacola, Florida 32520-0100

Jeffrey A. Stone, Esq.  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

Teresa E. Liles, Esq.  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

  
J. PATRICK FLOYD, ESQUIRE  
408 Long Avenue  
Port St. Joe, FL 32456  
(904) 227-7413  
FLORIDA BAR NO. 257001

JOHN H. HASWELL, ESQUIRE  
Chandler, Lang & Haswell,  
P.A.  
211 N. E. 1st Street  
P. O. Box 23879  
Gainesville, FL 32602  
FLORIDA BAR NO. 0162536  
ATTORNEYS FOR GULF COAST  
ELECTRIC COOPERATIVE, INC.



FLORIDA  
DEPARTMENT of  
CORRECTIONS

Governor  
LAWTON CHILES  
Secretary  
HARRY K. SINGLETARY, JR.

2601 Blairstone Road • Tallahassee, Florida 32399-2500 • (904) 488-5021

May 26, 1993

Mr. Roger Hagan  
County Administrator  
Washington County  
Post Office Box 647  
Chipley, FL 32428

Dear Mr. Hagan:

Re: Electric Utilities

It is our understanding that there are two utility companies that can provide electric power to the proposed prison site. The site engineer has been hired to adapt our prototype plans to this site. Part of the design phase is to work with the utility company regarding the supply of electrical power to operate this facility.

Please advise which utility company will be providing electrical power for the Institution. Actual construction of this prison is contingent upon legislative appropriation.

Your attention to this matter is appreciated.

Sincerely,

Ron Kronenberger  
Assistant Secretary  
Office of Management and Budget

RK/lb

930885  
H N-1



# WASHINGTON COUNTY BOARD OF COUNTY COMMISSIONERS

POST OFFICE BOX 647 • CHIPLEY, FLORIDA 32428-0647

TELEPHONE: (904) 638-6200

JIM MORRIS  
District One

DOYLE TAYLOR  
District Two

CHARLES BROCK  
District Three

LENZY CORBIN  
District Four

HULAN CARTER  
District Five

WILLIAM S. HOWELL, JR.  
Attorney

ROGER D. HAGAN  
Administrator

IRVING MILLER  
Sole and Accountant  
(904) 638-6233

June 7, 1993

M. W. Norris  
BOX 220  
WEWAHITCHKA, FL 32465

Dear Mr. Norris:

In regards to your letter referencing electrical service at the site of the proposed prison in Washington County, it is the understanding of the Board of County Commissioners that Gulf Coast Electric will provide the service.

I trust this will allow your site engineer to begin his work.

If I can be of further service please contact me or Roger Hagan, County Administrator at (904) 638-6200 or SunCom 769-6200.

Sincerely,

Lenzy Corbin  
Chairman

9508877



WASHINGTON COUNTY  
BOARD OF COUNTY COMMISSIONERS

POST OFFICE BOX 647 • CHIPLEY, FLORIDA 32428-0647

TELEPHONE: (904) 838-6200

ARNESTINE MILLER  
Clerk and Accountant  
(904) 638-6233

JIM MORRIS  
District One  
DOYLE TAYLOR  
District Two  
CHARLES BROCK  
District Three  
LENZY CORBIN  
District Four  
HILAN CARTER  
District Five

WILLIAM S. HOWELL, JR.  
Attorney

ROGER D. HAGAN  
Administrator

September 28, 1993

H.W. Norris, General Manager  
Gulf Coast Electric Cooperative, Inc.  
Post Office Box 220  
Wewahitchka, Florida 32465

Re: Washington County Prison Facility

Dear Mr. Norris:

This letter is to advise that the Board of County Commissioners of Washington County appreciate your cooperative's grant in the amount of \$45,000.00 to Washington County to make possible our purchase of the future site of Washington Correctional Institute. Your generous contribution to our County has allowed us to qualify for placement of a prison facility in Washington County. The Board of County Commissioners and citizens of our County appreciate your interest in our growth and development and assisting us in providing additional employment opportunities for our citizens.

As you know we have chosen Gulf Coast Electric Cooperative to provide electrical service to the facility because of your interest in our County's future growth and prosperity. On behalf of the Board of County Commissioners and the citizens of Washington County we wish to extend our heart felt thanks and appreciation.

Very truly yours,

Lenzy Corbin, Chairman  
Board of County Commissioners

LC/nwh

9300 Board No. 930885 - 80  
- 3

**GULF COAST ELECTRIC COOPERATIVE, INC.  
EXHIBIT HN-4**

**IS A MAP TO BE  
SUPPLIED AND FILED  
UNDER SEPARATE COVER  
FROM JOHN HASWELL,  
ESQUIRE**

EXHIBIT  
HN-4

We simply wish to move forward with this project without the uncertainty created by your complaint.

Washington County did not receive a proposal from Gulf Power and has no record of any interest expressed by you in assisting us with this rural development project or to serve the property. Gulf Coast Electric, Inc. as a part of their rural development project provided us with the opportunity to keep this project in Washington County by making available the financial assistance necessary to make purchase of the property possible. Gulf Coast Electric Cooperative, Inc. already has the power and service to the property and is continuing to serve the area.

The Washington County Board of County Commissioners requests that Gulf Power withdraw its recent complaint to the Public Service Commission concerning Washington County's choice of Gulf Coast Electric Cooperative, Inc. to serve the new correctional facility and adjacent site owned by Washington County.

Dear Mr. Bowden:

Re: Electrical Service to Washington Correctional Institute

Mr. Travis Bowden  
Gulf Power Company  
Post Office Box 1511  
Pensacola, Florida 32520

March 15, 1994

WASHINGTON COUNTY  
BOARD OF COUNTY COMMISSIONERS  
POST OFFICE BOX 647 • CHIPLEY, FLORIDA 32428-0647  
TELEPHONE: (904) 638-6200



- JAN MORAN
- DAVID OR
- BOBBY TAYLOR
- CHARLES BRACK
- LENNY COHEN
- HILLYN CARTER
- WILLIAM S. HOWELL, JR.
- ROGER D. HAGAN

RED - GULF COAST ELECTRIC  
GREEN - GULF POWER CORP

