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CABLE GRANDLAW

PLEASE REPLY TO
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July 1, 1994

FILE COPY

HAND DELIVERED

Blanca S. Bayo, Director
Division of Records and Reporting
101 East Gaines Street
Tallahassee, Florida 32399

Re: Docket No. 931044-EI, Petition for Authority to Implement
a Replacement Rate Schedule for Standby Electric Service
by Gulf Power Company.

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and 15
copies of the following:

- ACK
 - AFA _____
 - APP _____
 - CAF _____
 - CTR _____
 - LEG _____
 - LIN _____
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 - OTH _____
1. Testimony and Exhibit of Jeffry Pollock.
 2. Direct Testimony of Charles Bogatie.
 3. Direct Testimony of Bruce K. Hollinger.
 4. Direct Testimony of Tom Kislak.
 5. Direct Testimony of Denny Brueggemeier.

Please acknowledge receipt of the above on the extra copies
enclosed herein and return them to me. Thank you for your
assistance.

RECEIVED & FILED
mas
FPSC-BUREAU OF RECORDS

Yours truly,
Joe McGlothlin
Joseph A. McGlothlin

DOCUMENT NUMBER-DATE
Pollock
06538 JUL-1 1994
FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE
Bogatie
06539 JUL-1 1994
FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE
Hollinger
06540 JUL-1 1994
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DOCUMENT NUMBER-DATE
Brueggemeier
06542 JUL-1 1994
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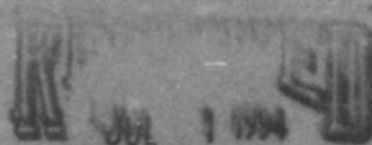
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

In re: Petition for Authority to
Implement a Replacement Rate
Schedule for Standby Electric
Service by Gulf Power Company.

DOCKET NO. 931044-EI

FILED: July 1, 1994



FPSC RECORDS/REPORTING

DIRECT TESTIMONY

OF

CHARLES F. BOGATIE

ON BEHALF OF STONE CONTAINER CORPORATION

DOCUMENT NUMBER-DATE

06539 JUL-1 1994

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Authority to)
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6 DOCKET NO. 931044-EI

7 Q. PLEASE STATE YOUR NAME, OCCUPATION, EMPLOYER AND BUSINESS
8 ADDRESS.

9 A. My name is Charles F. Bogatie. I'm employed by Stone
10 Container Corporation as Manager of Operations at the
11 company's mill in Panama City, Florida. The street
12 address is 1 Everitt Avenue.

13 Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS DOCKET?

14 A. I appear on behalf of Stone Container Corporation, Panama
15 City, but I believe my testimony applies to all the
16 industrial cogenerators who have had occasion to use
17 standby service from Gulf Power in the past.

18 Q. WOULD YOU DESCRIBE YOUR FACILITY, YOUR COGENERATION
19 CAPACITY, AND YOUR RELATIONSHIP WITH GULF POWER.

20 A. Usually, our mill directly employs over 600 people in the
21 manufacture of over 1700 tons per day of linerboard and
22 market pulp. We produce high pressure steam in four
23 different boilers. The steam can pass through one or
24 more of our three turbogenerators, one of which has
25 condensing capacity. Our total cogeneration capacity is

1 35 Megawatts. Usually we generate about 30 to 33
2 Megawatts and buy 10 to 12 Megawatts from Gulf Power.
3 Our old BC was 7.5 Megawatts and the total power tie line
4 capacity, which ultimately represents the most power we
5 could ever buy at a given point in time, is 30 Megawatts.

6 Q. CAN YOU GIVE AN EXAMPLE OF A PROBLEM THAT YOU PERSONALLY
7 HAVE HAD WITH THE ORIGINAL STANDBY SERVICE RATE?

8 A. Yes, I can. About two years ago, my phone rang at 2:00
9 a.m. It was the paper mill's power superintendent. He
10 told me that our 20 Megawatt turbine had just failed and
11 it would probably be 24 to 36 hours before we expected to
12 be able to bring it back on line. If we didn't elect to
13 use standby power we would lose about half of our
14 production for the period. The question he asked me
15 seemed straightforward: was it more economical to shut
16 down half the mill for that period or increase purchased
17 power from the electric tie and set a new demand that we
18 would have to pay for the next two years? My answer was,
19 "I'm not sure at this hour, but let me talk to our
20 controller." Well, you can imagine the surprise of our
21 accounting director to get a call from me at that hour to
22 help calculate the pluses and minuses of the issue,
23 including shutting a machine down, laying off 300 people
24 and disrupting customer schedules. After twenty minutes
25 -- during which we still couldn't decide on a calculable

1 answer, mainly because the rules are so complex -- we
2 made the decision to increase the power pull and continue
3 production.

4 The next day I found that there were only two people
5 in Florida (save for the rate staff at the PSC) who knew
6 how to calculate the answer: one at Gulf Power who does
7 the billing, and one at the paper mill who is a power
8 engineer. Further, each of them would have to know a
9 number of specifics concerning the way the mill was
10 operating just prior to the event in order to begin their
11 calculations.

12 I was quite relieved to find out, well after the
13 fact, that I had made the right decision.

14 Q. HAVING GONE THROUGH YOUR ORDEAL, WEREN'T YOU BETTER
15 PREPARED TO MAKE THE RIGHT DECISION THE NEXT TIME
16 SOMETHING SIMILAR HAPPENED?

17 A. No. If there were lessons learned that night that could
18 be applied in the future to avoid similar difficulties,
19 then I wouldn't be here today.

20 Q. COULD YOU PLEASE EXPLAIN WHY PAST EXPERIENCE WASN'T A
21 GUIDE FOR FUTURE ACTION USING THE OLD RATE STRUCTURE?

22 A. I'll try. Our paper mill operates 24 hours a day, seven
23 days a week, 350 days a year. It is a dynamic process,
24 one that is characterized by changing production and
25 maintenance schedules. Each situation requiring a

1 standby/no standby decision is unique. With the system
2 that was in effect, the rate was too complex. It
3 required knowledge of the current status of each piece of
4 equipment in the mill, as well as plans for continued
5 use. We couldn't bring all of the required information
6 together fast enough. Consequently, we made a decision,
7 then waited for the technicians to go through their
8 calculations. Only when they were finished did we know
9 whether we made the right economic decision.

10 Sometimes the correct economic decision would be
11 counter-intuitive. For instance, when we lose a small
12 turbine, there are conditions under which we would be
13 better off using more fossil fuel to generate more steam
14 to go into our condensing turbine, so as to make more
15 electricity, even if SE energy was available from Gulf
16 Power. The irony here is that under the old rate there
17 were times when it was more economical for us to use high
18 priced fossil fuel to make electricity rather than buy it
19 from Gulf when it was in surplus supply. This is counter
20 to both energy conservation and the law of supply and
21 demand.

22 Q. HAVE YOU HAD ANY EXPERIENCE WITH THE NEW TARIFF?

23 A. No, not yet. We have been fortunate enough not to need
24 standby service in the short time it has been in effect.

25 Q. WOULD YOU LIKE TO SEE THIS RATE CONTINUED?

1 A. Yes, I urge the Commissioners to let this rate stay in
2 effect until a better methodology is found.

3 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

4 A. Yes, it does.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of Charles F. Bogatie has been furnished by U.S. Mail or by hand delivery* to the following parties of record, this 1st day of July, 1994.

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