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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 _____
 - OPC _____
 - RCH _____
 - SEC _____
 - WAS _____
 - 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.

Yours truly,

Joe McGlothlin
Joseph A. McGlothlin

RECEIVED & FILED

mas
FPSC-BUREAU OF RECORDS

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

FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE
Brueggemeier
06542 JUL-1 1994

FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE
Pollock
06541 JUL-1 1994

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DIRECT TESTIMONY

OF

DENNY BRUEGGEMEIER

ON BEHALF OF CHAMPION INTERNATIONAL CORPORATION

DOCUMENT NUMBER-DATE

06542 JUL-13

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Authority to)
Implement a Replacement Rate)
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6 DOCKET NO. 931044-EI

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

8 A. My name is Denny Brueggemeier. I am employed by Champion
9 International Corporation at its pulp and paper mill
10 located at 375 Muscogee Road, Cantonment, Florida. I am
11 currently the utility superintendent at the mill.

12 Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL
13 BACKGROUND.

14 A. I received a Bachelor of Science degree from Miami
15 University in Oxford, Ohio. I have been employed with
16 Champion International for 20 years, holding positions of
17 increasing responsibility in Technical and Recovery and
18 Utility Departments at three locations.

19 Q. WOULD YOU PLEASE GIVE A BRIEF DESCRIPTION OF YOUR
20 RESPONSIBILITIES?

21 A. In my current position as utility superintendent, I am
22 responsible for steam and electrical generation and
23 distribution throughout the mill.

24 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE
25 PROCEEDINGS?

1 A. I am here today to request the Commission to approve the
2 petition of Gulf Power Company for permanent authority to
3 implement a replacement rate schedule for standby and
4 supplemental service.

5 Q. WOULD YOU BRIEFLY DESCRIBE THE NATURE OF THE BUSINESS
6 CONDUCTED AT YOUR CANTONMENT PULP AND PAPER MILL?

7 A. Our mill, which is located near Pensacola, Florida
8 commenced operations in 1941. Over the years our company
9 has invested hundreds of millions of dollars in capital
10 to maintain our facility as a state-of-the-art operation.
11 Our mill, which is a part of the Printing and Writing
12 Division of Champion International Corporation, operates
13 24 hours a day, seven days a week and produces more than
14 1000 tons of paper daily for copier, envelope, and
15 business forms customers.

16 Q. WHAT ARE THE ECONOMIC IMPACTS OF THE CANTONMENT PULP AND
17 PAPER MILL?

18 A. The viability of our mill is not only important to
19 Champion International, but also to the surrounding area.
20 We employ approximately 1200 people and have an annual
21 payroll of approximately \$65 million. In addition, we
22 spend well over \$200 million for the purchase of raw
23 materials, energy, supplies, and services. Champion pays
24 more than \$9.1 million annually in state and local taxes
25 and last year spent almost \$6 million for purchased

1 electricity from Gulf Power Company.

2 Q. PLEASE DESCRIBE THE EXTENT OF COGENERATION AT YOUR MILL.

3 A. While we are a significant purchaser of electricity, our
4 mill cogenerates internally almost 80 percent of the
5 total electricity we consume. We produce the electricity
6 with two large, high pressure steam turbine-generators.
7 Approximately 72 percent of the fuel used in our
8 cogeneration process is also produced internally as a by-
9 product of manufacturing pulp and paper at our facility.

10 Q. HOW IMPORTANT IS A RELIABLE SUPPLY OF ELECTRICITY TO YOUR
11 MILL?

12 A. As I noted previously, we operate 24 hours a day, 7 days
13 a week. The high quality paper we produce must be
14 manufactured by equipment which is extremely expensive.
15 To protect our operations against outages which might
16 occur to our cogeneration facilities, we purchase standby
17 service from Gulf Power.

18 Q. COULD YOU BRIEFLY DESCRIBE THE PROBLEMS AND CONCERNS YOU
19 EXPERIENCED WITH GULF POWER'S OLD STANDBY SERVICE TARIFF?

20 A. We found it to be very cumbersome and confusing to work
21 with. During major outages, the process of designating
22 how much standby service was taken involved subjective
23 judgments. We had to review 96 bits of data per day (the
24 15 minute billing increments). The designations were
25 broken down further into on and off peak periods each

1 day. The designation of standby capacity had to be
2 balanced against the requirement to maintain compliance
3 with the minimum 75 percent load factor requirement of
4 the PXT tariff. When emergency outages occur our
5 operators' immediate concern is to protect our operating
6 equipment and to keep our mill running. The requirement
7 to make standby service designation decisions under these
8 conditions is very onerous and mistakes can be very
9 costly. We and other standby customers of Gulf Power had
10 expressed our concerns over the provisions of the standby
11 services tariff since its inception.

12 Q. WHAT HAS BEEN DONE BY GULF POWER TO ADDRESS THESE
13 CONCERNS?

14 A. Across the country we are seeing a very positive trend
15 with many electric utilities working more closely with
16 their customers to respond to problems and to explore
17 opportunities to keep them a viable entity. The growth
18 of competition from independent power producers, the 1992
19 Energy Policy Act and its wholesale wheeling provisions
20 make it all the more imperative that utilities be able to
21 respond fairly and equitably to the needs of their
22 customers. Certainly Gulf Power has tried to do that in
23 this case. We and other standby customers have spent
24 considerable time and expense in working with Gulf Power
25 over the last two years to find a solution to our

1 concerns with the standby service tariff which would be
2 equitable to standby service customers, to Gulf Power
3 Company, and to the rest of Gulf Power's customers. We
4 believe the SBS tariff now under consideration meets
5 those objectives.

6 Q. ARE THERE SPECIFIC ASPECTS OF THE NEW RATE THAT YOU WISH
7 TO ADDRESS?

8 A. Yes. I want to comment on "option A," which has been
9 identified as one of the very few remaining issues
10 regarding the new rate. Under option A, Champion could
11 utilize "Supplemental Energy" when it is made available
12 by Gulf Power pursuant to its SE rider. This option is
13 beneficial because it will enable us to purchase the most
14 economical energy available. The tradeoff is that, under
15 option A, the daily demand charge for standby power is
16 \$1.40 per KW per day. This is three times the daily
17 demand charge applicable to regular standby customers.
18 Thus, Champion is at risk because an outage occurring on
19 a non-SE day would be more expensive than an outage to a
20 standby customer that does not make the option A
21 election. We understand that SE energy will be less
22 available than in the past as the Southern system
23 reserves diminish over time. However, Champion is
24 willing to take the risk that it can limit outages to
25 avoid its exposure to the possibility that it may

1 experience outages on non-SE days. One direct
2 consequence is that option A will provide a strong
3 incentive to us to maintain high reliability of our
4 cogeneration facility.

5 Q. DO YOU HAVE ANYTHING TO ADD?

6 A. Yes. We believe the collaborative rather than
7 confrontational process in addressing problems is better
8 for everyone. We respectfully request the Commission to
9 recognize the collaborative efforts of both Gulf Power
10 and its standby customers and approve the proposed SBS
11 tariff.

12 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

13 A. Yes, it does.

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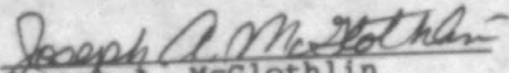
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of Denny Brueggemeier 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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