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**FILED**<sup>52</sup>

SID J. WHITE

JUL 6 1991

FLORIDA PUBLIC SERVICE COMMISSION

CLERK, SUPREME COURT

By ~~Chief Deputy Clerk~~

In Re: Petition to resolve  
Territorial dispute with Gulf  
Coast Electric Cooperative, Inc.  
By Gulf Power Company.

DOCKET NO. 930885-FU

**FILED**

SID J. WHITE

OCT 24 1995

CLERK, SUPREME COURT

By ~~Chief Deputy Clerk~~

SECOND DAY - AFTERNOON SESSION

VOLUME 4

PAGES 452 through 588

PROCEEDINGS:

HEARING

BEFORE:

CHAIRMAN J. TERRY DEASON  
COMMISSIONER SUSAN F. CLARK  
COMMISSIONER JULIA L. JOHNSON

DATE:

Thursday, October 20, 1994

PLACE:

FPSC Hearing Room 106  
101 East Gaines Street  
Tallahassee, Florida

REPORTED BY:

LISA GIROD JONES, RPR, CM

APPEARANCES:

(As heretofore noted.)

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FPSC-RECORDS/REPORTING

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PROCEEDINGS

(Transcript continued in sequence from Volume 3.)

CHAIRMAN DEASON: Apologize for being late.

When you have to conduct meetings during 15-minute lunch,  
it's kind of difficult. Call the hearing back to order.

Mr. Haswell?

MR. HASWELL: Thank you, Mr. Chairman. Our next  
witness is Mr. Jeff Parish.

JEFF PARISH

was called as a witness on behalf of Gulf Coast Electric  
Cooperative, and having been duly sworn, testified as  
follows:

DIRECT EXAMINATION

BY MR. HASWELL:

Q First would you state your full name, please,  
sir?

A Jeff Parish.

Q Mr. Parish, are you the same Jeff Parish who has  
filed direct testimony in this case?

A Yes.

Q If I asked you the same questions that are asked  
and answered on your direct testimony, would your answers  
be the same?

A Yes.

Q Do you have any changes, additions or deletions

1 to your testimony?

2 A No.

3 Q Are you sponsoring any exhibits?

4 A Yes.

5 Q That's Exhibit JP-1?

6 A Yes, and I have an additional exhibit.

7 Q And you have an additional exhibit. Could you  
8 tell us what that is, please, sir?

9 A Yes. Been a lot of discussion in  
10 interrogatories and depositions regarding what some of  
11 these prisons we're talking about heat and cool with and  
12 so on, electricity, gas. And I've done a telephone survey  
13 of them, and they include the Clayton Prison in Alabama, I  
14 talked about, the Washington County prison that's the  
15 subject of this case, and the Escambia County Jail, which  
16 is the subject of Mr. Pope's testimony, and I would like  
17 to get that in as an exhibit.

18 CHAIRMAN DEASON: We will identify the prefiled  
19 exhibit as Exhibit No. 21, and the exhibit entitled JP-2  
20 Prison Energy Sources, as Exhibit No. 22.

21 (Exhibit No. 21 and 22 marked for  
22 identification.)

23 MR. HASWELL: In the interest of time, I would  
24 ask that the direct prefiled testimony of Mr. Parish be  
25 entered into the record as though read.

1                   CHAIRMAN DEASON: Without objection it will be  
2 so inserted.  
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1 Gulf Coast Electric Cooperative  
2 Before the Florida Public Service Commission  
3 Direct Testimony of  
4 Jeff Parish  
5 Docket No. 930885-EU  
6 Date of Filing: May 24, 1994

7 Q: Please state your name and address.

8 A: My name is Jeff Parish. My business address is P. O. Box  
9 550, Andalusia, Alabama 36420.

10 Q: By whom are you employed?

11 A: I'm employed by Alabama Electric Cooperative.

12 Q: In what capacity are you employed?

13 A: I am Vice President of Bulk Power and Delivery.

14 In that capacity, I have responsibilities in the areas of  
15 generation and transmission planning, load forecasting,  
16 environmental compliance, and contracts with other  
17 utilities.

18 Q: What will be the subject of your testimony in this  
19 proceeding?

20 A: I will testify regarding the impact of the prison load on  
21 Gulf Coast Electric Cooperative, Alabama Electric  
22 Cooperative, and Gulf Power Company. I will describe the  
23 effect of the load's coincidence on Gulf Coast, AEC, Gulf  
24 Power Company, and the Southern Company. I will describe  
25 the effects of pool purchases and sales in the Southern

1 Company pool of this load on Gulf Power Company. I will  
2 also discuss the substation reliability of AEC's  
3 substation serving the area vs. those of Gulf Power  
4 Company.

5 Coincidence and Cost

6 Q: What load is estimated at the prison?

7 A: Gulf has estimated 372 kilowatts. We, for comparison  
8 purposes, are using the same estimate. This amount is  
9 the estimated load at the meter at the prison.

10 Q: Please describe how AEC sells power to Gulf Coast.

11 A: AEC meters the peak loads and total energy at the  
12 substation and sells to Gulf Coast at a monthly rate for  
13 the peak load during the month, regardless of when the  
14 demand occurs. We sell energy on an average cost basis  
15 to Gulf Coast.

16 Q: What effect will that load have on Gulf Coast Electric  
17 Cooperative as far as its purchase of capacity from AEC?

18 A: The purchases from AEC will be the contribution of the  
19 load metered at the prison to the substation peak plus  
20 line losses to the Crystal Lake Substation where AEC  
21 meters capacity and energy for sale to Gulf Coast.

22 Q: When do substations on the Gulf Coast system normally



1 peak?

2 A: They normally peak at the hour ending 6:00 o'clock p.m.  
3 This is the same time as AEC's normal summer weekday  
4 peak. During the winter, AEC substations usually peak in  
5 the early morning hour ending at 7:00 a.m.

6 Q: Of what importance is this to power purchases by Gulf  
7 Coast from AEC?

8 A: We believe the peak load in the summer at the prison will  
9 occur in the early to mid-afternoon and be considerably  
10 lower at the time of the substation peak in late  
11 afternoon. This diversity in loads will result in a  
12 lower amount of capacity purchased from AEC than is  
13 required to serve the prison load due to this diversity.

14 Q: Have you estimated what this impact will be in kilowatts?

15 A: Yes. We have analyzed the hourly load shape of a prison  
16 served by an AEC member in Alabama which we believe to  
17 have similar load characteristics to the proposed prison  
18 in this case. In the summertime, the peak load of the  
19 prison normally occurs in early afternoon from 1:30-3:30  
20 p.m. Only about 65 percent of that load occurs during  
21 the hour ending 6:00 p.m. when the Gulf Coast substation

1 would be expected to peak. Therefore, we believe the  
2 peak capacity purchased by Gulf Coast from AEC would be  
3 about 65 percent of the peak load plus a factor for  
4 losses, approximately 258 kilowatts in the peak summer  
5 month.

6 Q: Using this approach, what is the estimated impact in  
7 winter and other months?

8 A: The diversity is different. We estimate it to be  
9 approximately 70 percent.

10 Q: What is resulting annual dollar impact of these capacity  
11 purchases by Gulf Coast?

12 A: We estimate the cost of purchases to be as described in  
13 Gulf Coast's response 3(a) to Staff's request for  
14 production of documents, ranging from \$27,246 in 1995 to  
15 \$28,440 in 1988.

16 Q: What will this load's impact be on Gulf Power Company?

17 A: We believe there is little or no diversity of this load  
18 with Gulf Power Company's monthly peaks. Gulf Power  
19 peaks at different times compared to AEC. We believe  
20 the prison peak loads are at the same time as Gulf  
21 Power's Peaks. We, therefore, estimate the contribution  
22 to Gulf Power's monthly peaks to be the monthly loads  
23 times a loss factor from the prison meter through the  
24 distribution and transmission systems of Gulf Power to

1 the generation level of approximately 1.07. In other  
2 words, the diversity factor is approximately 1.0, (there  
3 is no diversity) and the loss factor is approximately  
4 1.07. The resulting contribution to Gulf Power's peak in  
5 the summer is approximately 398 KW, compared to Gulf  
6 Coast peak purchases from AEC of 258 KW, and the metered  
7 load at the prison of 372 KW.

8 Q: Why is this important?

9 A: The monthly peak demands of Gulf Power Company are a  
10 factor in determining Gulf's capacity responsibility in  
11 the Southern Company pool each month.

12 Q: Would you describe how that pool operates regarding  
13 capacity purchases and sales?

14 A: The Southern Company pool is composed of five operating  
15 companies. They are Mississippi Power Company, Gulf  
16 Power Company, Alabama Power Company, Georgia Power  
17 Company, and the Savannah Electric and Power Company.  
18 They equalize reserves each month based upon the loads  
19 and capacities of the parties. In other words, they  
20 share whatever reserves exist on the system among  
21 themselves whether the system is long or short as far as  
22 planned vs. actual reserve. In simple terms, each  
23 company's load and capacity responsibility in the pool is  
24 determined each month. If a company is "long" compared

1 to the pool, it sells capacity to the pool. If it is  
2 "short", it purchases from the pool.

3 Q: Suppose Gulf Power has more than enough capacity to serve  
4 its loads with adequate reserves. Would it still have to  
5 purchase from the pool?

6 A: It would if the pool were even more excess than Gulf  
7 Power. There is a purchase and sale each month  
8 regardless of whether an individual company might  
9 consider itself long or short. It depends upon the total  
10 pool.

11 Q: What do you think about Gulf Power's answer to staff's  
12 interrogatory 1(e) where Gulf Power stated it has  
13 adequate reserves to serve this load and would not have  
14 to purchase additional capacity nor install additional  
15 generation to serve the load?

16 A: I agree with it in part. A load of this size, less than  
17 500 KW, is very small to Gulf Power Company and the  
18 Southern Company pool. I agree that Southern Company's  
19 generation expansion plan and any purchases or sales by  
20 Southern Company would not be impacted by a load this  
21 small. However, Gulf Power has a Southern Company pool  
22 responsibility each month that will be impacted by this  
23 load. Gulf Power will either lose pool revenue or  
24 purchase additional capacity from the pool as a result of

1 the prison load.

2 Q: What about AEC's ability to serve this load and the  
3 effect it might have on AEC's generation expansion plan  
4 and its purchases and sales?

5 A: AEC would also not alter its generation expansion plan or  
6 system purchases and sales it might make because of a  
7 load this small. AEC is in the same position of Southern  
8 Company on a load this small in that regard.

9 Q: Would you describe what Gulf Power would have to  
10 purchase?

11 A: I have previously described the pool equalization in  
12 general. As a practical matter, it is much more complex  
13 as far as the details of the calculation. The historical  
14 load ratios of all the member companies for the last  
15 three years are applied to the total pool peak load for  
16 each current month to determine each company's load  
17 responsibility in the pool that month. Those historical  
18 load ratios are the peak loads of each company for that  
19 month not coincident with the pool. Each company's  
20 capacity requirements including reserves are then  
21 calculated in detail. Its generation capacity to meet  
22 that load is also determined each month. If Gulf has  
23 excess capacity after meeting its load and reserve  
24 requirement compared to the pool, then it sells to the

1 pool. If it is short compared to the pool, it purchases  
2 from the pool. Each operating company sells capacity to  
3 the pool at its average embedded cost of fossil steam,  
4 combustion turbine and pumped storage hydro facilities.  
5 It purchases capacity from the pool at the average  
6 capacity cost sold to the pool from other companies. The  
7 net purchases and sales to and from the pool net to zero  
8 each month under this capacity equalization methodology.  
9 Using this methodology, nuclear facilities and  
10 conventional hydro facilities are excluded from sales  
11 among pool members. These type facilities are  
12 essentially retained by each pool member owning them.

13 Q: How have you calculated these purchases and sales of Gulf  
14 Power to and from the pool?

15 A: As I indicated, a complex calculation is done each month.  
16 We do not have the data from Southern Company to make  
17 this calculation in detail for future years because it  
18 involves a projection of loads, resources, and costs.  
19 However, I have estimated or approximated the monthly and  
20 annual impact on Gulf from the details contained in the  
21 information filing Southern Company makes each year to  
22 the Federal Energy Regulatory Commission (FERC), under  
23 the Southern Company Intercompany Interchange Contract.  
24 Exhibit A is one of the monthly calculations in 1994  
25 where Gulf Power sells to the pool and another month

1           during 1994 where Gulf Power purchases from the pool.

2   Q:    You mean Gulf Power may sell to the pool some months and  
3           buy from the pool other months during the same year?

4   A:    Yes.  It depends primarily upon the peak loads of each  
5           company during each month compared to the others, not the  
6           annual peak.

7   Q:    Have you calculated the dollar impact of these purchase  
8           and sales on Gulf Power Company involved in equalization  
9           in the pool operation?

10  A:    Yes.

11  Q:    Please describe how you did it.

12  A:    We have duplicated the spreadsheet contained in the 1994  
13           IIC filing for a summer month and have used it to adjust  
14           for this load.  We added the monthly load to Gulf Power's  
15           peak, adjusted the pool total load allowing for  
16           historical diversity, adjusted the historical load data  
17           to include this load which will be the normal case after  
18           the first three years of operation, and calculated the  
19           effect on Gulf Power's capacity responsibility and pool  
20           purchases and sales.  We used the result from this month  
21           to estimate the effect for the other eleven months using  
22           the smaller loads expected at the prison in other months.  
23           We utilized the rates in the 1994 IIC for purchase and  
24           sales to determine the capacity cost.  We assume this

1 relationship in loads, capacity and rates for future  
2 months and years. This is obviously an estimated or  
3 approximate calculation and is intended to approximate  
4 the effect on Gulf Power and at least demonstrate that  
5 Gulf Power actually has a capacity cost impact associated  
6 with this load.

7 Q: What are the dollar impacts?

8 A: The typical annual capacity cost to Gulf Power for  
9 increased purchases and lost sales with the pool based  
10 upon 1994 rates was calculated to be \$29,251. This  
11 amount compares to the cost of purchases by Gulf Coast  
12 from AEC ranging from \$27,246 in 1995 to \$28,440 in 1998.  
13 These numbers are virtually the same given the accuracy  
14 of estimating the components.

15 Q: You have described Gulf Power's capacity cost associated  
16 with this load. Where does Gulf Power get the energy for  
17 this type of load?

18 A: It is difficult to say with any precision where Gulf  
19 Power would obtain the energy for this load. The  
20 Southern Company pool members operate under economic  
21 dispatch on the whole Southern system. All the  
22 generating resources on the system are dispatched so that  
23 the lowest cost resources on the system are utilized to  
24 serve the total system load regardless of where the load



1 is located. A generating unit in Georgia may generate  
2 energy for Gulf Power in Florida. The source and cost of  
3 the energy would be difficult to ascertain.

4 Q: Where would AEC get the energy?

5 A: AEC does not operate in economic dispatch with other  
6 parties. AEC does, however, dispatch its resources to  
7 most economically meet its own load. AEC has its own  
8 generation and purchases from other utilities to meet its  
9 load from time to time. We purchase power typically at  
10 times from generation and transmission cooperatives in  
11 Louisiana, Mississippi, Kentucky, and Georgia. We also  
12 purchase from the Entergy system routinely. Some of the  
13 energy might be generated by AEC and some by these other  
14 sources, depending upon the lowest cost energy supply at  
15 the time. Therefore, it difficult to say precisely the  
16 source and cost of the energy. For calculation purposes  
17 we have used our estimated annual energy cost to  
18 calculate the cost of energy for this load to Gulf Coast.  
19

20 Transmission and Substation Reliability

21 Q: Would you describe how transmission service is provided  
22 to the Crystal Lake Substation by AEC?

23 A: AEC owns the substation and transmission in the area.  
24 The Crystal Lake Substation is the source of a three

1 phase feeder of Gulf Coast serving the prison area. AEC  
2 has an extensive transmission system in Northwest  
3 Florida, mostly 115kV. The 115kV system has loop feed  
4 from two directions into the Crystal Lake Substation.  
5 At various transmission substations in Florida, automatic  
6 circuit breakers are installed that will isolate a  
7 faulted line segment and leave the remaining portion of  
8 the system in service. We design our transmission system  
9 to withstand any single contingency and still provide  
10 service to the remainder of the system. Therefore, a  
11 permanent fault on another part of the system in Florida,  
12 or Alabama for that matter, would leave the unfaulted  
13 line segment on serving the Crystal Lake Substation.

14 Q: What line segment are you talking about?

15 A: In this case, the automatic circuit breakers are at the  
16 Freeport transmission substation on the west end and the  
17 Fountain transmission substation on the east end.

18 Q: What if a outage occurred on the Freeport-Fountain line?

19 A: The Crystal Lake substation would lose power momentarily.  
20 However, there are motor operated switches that can be  
21 operated remotely from the AEC control center to isolate  
22 the problem on the line. The dispatchers will determine  
23 which section of the line is faulted, isolate that  
24 section, and then restore service from the opposite

1 direction. This process only takes a few minutes.

2 Q: How does Gulf Power serve the Sunny Hills and Vernon  
3 Substations which are the sources for the Gulf Power  
4 distribution feeders serving the prison load area?

5 A: Gulf Power has radial 115kV lines to its Vernon and Sunny  
6 Hills substations. If they lose service on the  
7 transmission line serving either of those substations,  
8 they have to repair the line or reroute power to the  
9 prison area through the other substation. We believe  
10 this requires dispatching personnel to the area and  
11 performing manual switching, a process that can be very  
12 time consuming. The Gulf Power substation reliability is  
13 therefore potentially much less reliable than that of  
14 AEC.

15 Q: Does this conclude your testimony?

16 A: Yes, subject to any additional information we obtain from  
17 discovery.

1           MR. HASWELL: In lieu of summarizing your  
2 testimony, I would just tender the witness for cross  
3 examination, save some time.

4           CHAIRMAN DEASON: Thank you. Mr. Cresse?

5                           CROSS EXAMINATION

6 BY MR. CRESSE:

7           Q     Mr. Parish, what is the purpose of your  
8 testimony?

9           A     Generally talks about two things: The capacity  
10 equalization costs of Gulf Power Company. In  
11 interrogatories Gulf denied that it had any generating  
12 capacity costs, and it does have a purchase power cost in  
13 Southern Company pool, and I've attempted to estimate that  
14 and calculate it, and also compare that to Gulf Coast's  
15 purchases from AEC. That's most of my testimony. I also  
16 talk about substation and transmission reliability of AEC  
17 compared to Gulf Power Company.

18          Q     Is the purpose of it to inform the Commission  
19 about the additional capacity cost to serve the load  
20 that's under dispute, specifically the correctional  
21 institution?

22          A     That's part of it, yes, sir.

23          Q     Thank you. I believe in your testimony you  
24 arrive at a conclusion that the capacity costs -- this is  
25 on Page 10 -- there's substantially no difference in the

1 capacity costs between the two suppliers; is that correct?

2 A That's what I believe, yes, sir, from Gulf Power  
3 Company versus Gulf Coast Co-op.

4 Q And it's pretty difficult to determine the  
5 impact on energy costs; is that correct?

6 A Yes, sir, I talked about that in my testimony  
7 also, that due to the small size of this load, the many  
8 sources of energy, I think it's difficult to say precisely  
9 what that is, although Gulf estimated a number and I could  
10 estimate a number if I had to.

11 Q When we took your deposition, we asked you for a  
12 late-filed exhibit?

13 A Yes, sir.

14 MR. CRESSE: Commissioners, I would like to pass  
15 that late-filed exhibit out if I might.

16 Q (By Mr. Cresse) And this exhibit contains the  
17 factors that you used in calculating the capacity costs of  
18 each -- both Gulf Power and Gulf Coast; is that correct?

19 A Yes, sir.

20 Q On Page -- I'm going to come back to that in a  
21 few minutes, Commissioner, not right now.

22 On Page 3 of your testimony, you mentioned that  
23 in order to determine the figures which are included on  
24 this exhibit I've passed to you, that you had done an  
25 analysis of the load shape of a prison in Alabama; is that

1 correct?

2 A Yes.

3 Q And in that analysis you determined that the  
4 peak load of the prison normally occurs in early afternoon  
5 from 1:30 to 3:30; is that correct?

6 A That's what was indicated on my analysis.

7 Q And is that the summer load?

8 A That's in the summertime.

9 Q And then in the wintertime, it occurs at the  
10 hour ending at 6:00; is that correct?

11 A I don't think I said that.

12 Q When does it occur in the wintertime?

13 A We're still talking about the peak load of the  
14 prison?

15 Q Yes, sir.

16 A As I recall, looking at the graphs, it occurs  
17 pretty early in the morning. It's pretty high all the  
18 morning in a winter day, typically.

19 Q Is it coincident with the peak load of Crystal  
20 River substation in the wintertime?

21 A Crystal Lake?

22 Q Crystal Lake.

23 A Seems to occur after Crystal Lake substation  
24 load.

25 Q Do you recall what time that was for the prison?

1           A     As I've indicated, prison load goes up 7:30,  
2 8:00, pretty high in the morning, pretty rapidly, and  
3 stays up a while. It indicates its peaks are very near at  
4 the same level for a few hours in the morning.

5           Q     Does your testimony also indicate that the peak  
6 of the prison would be the same as the peak for Gulf  
7 Power?

8           A     It occurs during the same hours generally that  
9 Gulf Power peaks, which in the wintertime they peak as  
10 early in 7 in the morning till 9 in the morning. In the  
11 summertime generally 2 to 5 in the afternoon. Those are  
12 hour ending numbers, so that means clock hour wise, in the  
13 afternoon from 1:00 to 5:00.

14          Q     What kind of load analysis did you do to  
15 determine that the prison peaked at that time?

16          A     As I've indicated in some of my testimony, some  
17 discovery, we used the Clayton prison, Ventress it's  
18 called, at Clayton, Alabama. I think I said Bentress at  
19 one point. It's Ventress, I have found out since, with a  
20 V.

21                   We didn't have load data on any of the prisons  
22 that our members served, hourly load data. We found out  
23 that this one, although we don't have it on it, was on a  
24 substation that was mostly this prison load. So we backed  
25 into that load by taking out the residential commercial

1 load shape at a nearby substation of Pea River, the Co-op  
2 that serves it, to back into it. We also looked at the  
3 prison and substation peaks that's highly related to each  
4 other to confirm that we were getting a reasonable answer.

5 Q Is this answer the same as you gave in answer to  
6 Interrogatory 31, Third Set, 31b and c?

7 A Are you referring to page numbers?

8 Q I'll just hand it out to you.

9 A I'm sorry. (Pause) I'm generally talking about  
10 the same kind of information there. A lot of questions  
11 and answers here.

12 Q Yes, I'll try to help you get to the ones we  
13 think are relevant. The question 31, if you would read  
14 it, please.

15 A For the prison in Alabama on page 3 of the  
16 prefiled testimony of Co-op witness Jeff Parish, please  
17 provide the following for the period 1990 to the present:  
18 Monthly peak demand; hour in which monthly peak occurred;  
19 day of the month; monthly energy; monthly average cost in  
20 cents per kilowatt hour; the name of the facility,  
21 location of the facility.

22 Q Now on b and c we asked you the day of the month  
23 for the monthly peak and the hour in which each monthly  
24 peak occurred; is that correct?

25 A Right.



1 Q And would you turn the page and give us the  
2 answer to that?

3 A It's what I've already said to you, it's not  
4 available. We don't have continuous metering data. The  
5 hourly load shape of residential and small commercial,  
6 derived from nearby substation, was subtracted from the  
7 Clayton load shape --

8 CHAIRMAN DEASON: Excuse me, Mr. --

9 MR. CRESSE: Slow down a minute so that they can  
10 hear you.

11 WITNESS PARISH: I don't read very well. -- to  
12 develop an approximate prison load shape.

13 Q (By Mr. Cresse) So what you have done is you  
14 have estimated the residential load shape on that  
15 particular substation, and then you've -- from that you've  
16 estimated the prison load shape; is that correct?

17 A That's right. I did the best I could with what  
18 I had.

19 Q Now, Gulf Coast Electric Co-op serves the prison  
20 in their territory; do they not?

21 A I understand they do.

22 Q Did you get any load data from there?

23 A We inquired. Again, somebody did this for me,  
24 but I was told they didn't have hourly load data on that  
25 prison.

1 Q So the fact is we really don't know when the  
2 prison peaks; is that correct?

3 A I think the -- obviously I can't say that we  
4 have precise hourly load data, but in looking at it, and  
5 looking at the shapes and looking at the prison load  
6 shapes -- not the prison load shape, the substation load  
7 shapes, and correlating those two, I feel confident we've  
8 done a fair job. I can't say it's precise, obviously I  
9 can't do that.

10 Q It wouldn't be as good as if you had a  
11 time-of-day meter on it, would it, to determine when the  
12 loads were?

13 A That's right. That's right.

14 Q Would you please now refer to your response to  
15 Interrogatory 32d and e. I believe you attached on that  
16 interrogatory -- do you have it?

17 A Yes, I've found it.

18 Q What is it?

19 A Which letters were you -- numbers?

20 Q D and e.

21 A Yes.

22 Q What does that tell us?

23 A The day for which the substation serving the  
24 prison reached its peak, and the answer is August 4, '94.

25 Q Does it tell you the hour?

1           A     The next one you asked the hour the substation  
2 reached its peak, and we said 2:00 p.m.

3           Q     What substation was that?

4           A     Well, let me see now. Substations of the  
5 Cooperative serving the prison, that was what we call the  
6 Clayton substation.

7           Q     The Clayton or the Crystal Lake?

8           A     I'm talking about the Clayton substation.

9           Q     So it peaked at 2:00, the one that served the  
10 prison?

11          A     That's right, that particular day during that  
12 time period.

13          Q     And therefore, then, the diversity on that would  
14 be zero; is that correct, on that substation?

15          A     You can't conclude anything from that unless you  
16 know when the prison peaked that day. It's not important  
17 when this Clayton prison peaks. It's important what  
18 contribution this is to Crystal Lake substation. I don't  
19 know what value this question has. I don't see it has  
20 any.

21          Q     On the calculation that you made on the exhibit  
22 we just passed out.

23          A     Yes, sir.

24                 MR. CRESSE: Mr. Chairman, could we identify  
25 this, please?

1 CHAIRMAN DEASON: This will be -- the Parish  
2 exhibit to deposition?

3 MR. CRESSE: Yes, sir.

4 CHAIRMAN DEASON: That would be identified as  
5 Exhibit No. 23.

6 (Exhibit No. 23 marked for identification.)

7 Q (By Mr. Cresse) In calculating the impact on  
8 the capacity cost to Gulf Coast, you arrived at a figure  
9 from \$27,246 to \$28,440; is that correct?

10 A Right.

11 Q And in doing so you assumed the diversity  
12 between the peak load of the Crystal Lake station and the  
13 prison to be 70 or 65 in those months indicated; is that  
14 correct?

15 A Yes.

16 Q Meaning then that the only payments that the  
17 Co-op will have to make to AEC is listed in the last  
18 column; is that correct?

19 A Well, that's the load in column C. The payments  
20 are down near the bottom left.

21 Q They would be based on that load, though?

22 A Excuse me, based on that last column, that's  
23 right.

24 Q And then for Gulf Power, you assumed that the  
25 load of the prison would be always at Gulf Power's peak,

1 their peak load would always be at Gulf Power's peak; is  
2 that correct?

3 A That's correct. They would contribute 100% to  
4 Gulf's peak.

5 Q And then you had to increase that a little bit  
6 for line losses; is that correct?

7 A To get it to Gulf's generation level, right.

8 Q And then you multiplied it times 1.2. Now why  
9 did you do that?

10 A That's the reserve factor. In the pool  
11 calculation Gulf picks up responsibility for load and  
12 reserves. So to add the reserves to it, you would do  
13 that. The spreadsheet that I used to do that does some  
14 rounding so that you get down to the nearest 10th of a  
15 kilowatt. I played around putting some of these small  
16 numbers in it, and it rounded up or down too much, I  
17 thought. So as I recall I finally put in one megawatt to  
18 see how it rounded and I got the 1.2, and that's the  
19 factor I used for all the months to eliminate any big  
20 errors in rounding up or down.

21 Q Is it your testimony that they would have to pay  
22 1.2? Is it part of their IIC contract, or would it be --

23 A It's whatever the reserve level turns out to be  
24 from year to year and month to month. I indicate in my  
25 testimony this was an approximate calculation.

1 Q So you don't know whether or not that inflates  
2 the cost to the Gulf Power, even assuming all your other  
3 assumptions are correct, by 20%, more than it would really  
4 cost them; is that correct?

5 A It doesn't inflate it by 20%. If the reserve  
6 level is 22%, it's too low. If it's 17%, it's too high,  
7 for a given month.

8 Q Have you read Mr. Howell's testimony?

9 A Yes, sir.

10 Q I believe in your deposition you said you agreed  
11 with Mr. Howell about the benefits of the IIC contracts.

12 A I said I generally agreed that IIC has those  
13 benefits he talked about. I think it's rather  
14 disingenuous to try to say one benefit shouldn't count  
15 against him, though.

16 Q Is it your understanding that these payments  
17 would have an immediate impact on the -- this load would  
18 have an immediate impact --

19 A No, Mr. Howell is right, I telegraphed that to  
20 him in my testimony.

21 Q Excuse me, let me get my question out. I think  
22 that lady would appreciate it. Is it your testimony that  
23 these -- this would have an immediate impact on the  
24 payments that Gulf Power makes to other Southern  
25 Companies?

1           A     There is a lag in the full responsibility of  
2 this picking up this load due to this historical  
3 three-year averaging that's built in on the calculation.  
4 There is also a lag in backing out of a load  
5 responsibility; should someone lose a load such as this,  
6 the payments will go on. After that it will phase out. I  
7 think that's one of those things that is very wrong with  
8 IIC methodology, and I hope they will change that as  
9 Mr. Howell hints they might make some changes in it. If  
10 they got a huge load, 500 megawatts, the same thing  
11 happens. Southern Company serves it, in effect, free for  
12 them the first year. Then it's phased in and phased out  
13 if they lose it; they continue to pick up the capacity  
14 responsibility for it. It's also wrong because the  
15 Southern Company, fastest growing members, lag picking up  
16 their pool responsibility. They lag picking up capacity  
17 responsibility. That is wrong in the pool. But if that  
18 is true, that's the way it works now.

19           Q     If I asked any questions about evaluating the  
20 way Southern Company does it, I expect your answer would  
21 be appropriate. I guess my question was is that it will  
22 not cost Gulf Power any money in the first year, will it?

23           A     I think that's right, in the pool.

24           Q     And you don't like the way they do that, but  
25 based upon the end result of prices of Gulf Power

1 comparing to Gulf Coast, they got to be doing something  
2 right, haven't they?

3 A I think Gulf is a pretty well run company, got  
4 low rates.

5 Q And they got substantially lower rates than Gulf  
6 Coast; don't they?

7 A They are somewhat lower, at least the one we've  
8 talked about in this case.

9 Q Would you agree with me if the coincident peak  
10 impact of this load was the same on Gulf Coast as it would  
11 be on Gulf Power; that the facts are that after four  
12 years -- and the first four years it wouldn't be this  
13 much, but after four years, the cost, using your estimate  
14 of cost at \$5.75 versus \$9.58, that the cost of capacity  
15 is over \$15,000 a year in favor of Gulf Power?

16 A I haven't looked at that number.

17 Q Well, let's look at it. Would we take the 3,962  
18 times the difference between the capacity payment Gulf  
19 Power would have to make after four years, multiply that  
20 times 3,962? (Pause)

21 A Okay, what do you want to do?

22 Q Multiply \$3.83, which is the difference in the  
23 capacity payment, times 3,962.

24 A I don't see the number you just talked about.

25 Q Difference between \$9.58 and \$5.75.



1           A     Well, let's see. You tell me what you want to  
2 do. I'm not sure I agree with your methodology. I'm  
3 trying to figure out how I would do it, but go ahead and  
4 tell me what you would do.

5           Q     If the coincident peak is the same for Gulf  
6 Coast and Gulf Power, and the demand of the prison was  
7 3,962 for the year, wouldn't the difference in capacity  
8 costs for Gulf Power after four years be about \$15,000  
9 less than the capacity costs for Gulf Coast Electric?

10          A     I don't think you can take the delta in the  
11 rates. I think you've got to take also the loss factor as  
12 different. So let me play with that a second.

13          Q     When you say "delta" in the rates, does that  
14 mean difference?

15          A     Yes, sir.

16          Q     Delta is kind of engineering talk; isn't it?

17          A     Well, whatever.

18          Q     You need to lower your accountant talk before  
19 this commission, based on my observation.

20                CHAIRMAN DEASON: Sometimes everyday walking  
21 around language would help.

22                WITNESS PARISH: I got \$11,214, adding losses to  
23 the 3,962 and multiplying it by the 9.58, and that came  
24 out to 40,465, and subtract the 29,251 from it. I think  
25 the losses may be the difference between your number and

1 mine.

2 Q (By Mr. Cresse) Seven percent. All right,  
3 accepting that calculation, but Gulf Power's additional  
4 capacity cost after the first four years would still be  
5 11,000 less than Gulf Coast's; is that correct?

6 A That's right, but there are some other things  
7 that I've estimated here that could impact that  
8 calculation also: The rates from AEC historically --

9 Q When I ask you another question, I think that  
10 would be appropriate to answer.

11 MR. HASWELL: Mr. Chairman, I would like it if  
12 Mr. Cresse would let the gentleman answer the question.

13 MR. CRESSE: He already had and then he was  
14 taking the opportunity to expand beyond what I asked him.

15 MR. HASWELL: To explain it.

16 CHAIRMAN DEASON: I'm going to give the witness  
17 an opportunity to fully explain his answer.

18 WITNESS PARISH: As I indicate in my testimony,  
19 there are a lot of things that go into this calculation.  
20 We're talking about future costs and uncertainties, and I  
21 can only say it's an estimate. AEC's rates that we used  
22 here have historically turned out to be less than we  
23 forecast. I think I'm a little high on the losses I used  
24 for Gulf Coast in this case. There could be even less  
25 coincidence than I've looked at on the Gulf Coast side. I

1 don't know. There could be higher costs from the pool  
2 down the road. One of them I testified to in 1989 before  
3 FERC that Southern Company should equalize transmission.  
4 That hasn't been done yet. It's something they've thought  
5 about, I'm told, and may do one of these days which would  
6 cost of Gulf. So there are a lot of uncertainties down  
7 the road other than the one you're focusing on.

8 Q (By Mr. Cresse) Yes, and if Gulf Power is  
9 supplying that load, any of the uncertainties or the  
10 actions that Gulf Power takes would be subject to scrutiny  
11 by this commission; is that correct?

12 A Would you ask that again?

13 Q Any of the actions that are taken to amend the  
14 IIC contract would be subject to scrutiny by this  
15 Commission; isn't that correct?

16 A No, sir, I think that's FERC jurisdiction.

17 Q Is it your understanding that this Commission  
18 has the authority to disallow any costs they consider to  
19 be imprudent?

20 A Probably they do.

21 Q I want to hand out to you the Interrogatory  
22 No. 18, Page 2 under Staff's Second Interrogatories to  
23 GCEC. Let's see if you've got the same thing I have,  
24 sir. The question, 18Q, is to "Provide monthly integrated  
25 peaks for the years 1990 - '93, using the following

1 format."

2 A Right.

3 Q And the first page is the peak for the Crystal  
4 Lake substation?

5 A Right.

6 Q Is it possible or is it -- is this the  
7 substation that would be serving the prison?

8 A That's the one that would normally serve it.

9 Q Is it possible for the prison load to impact the  
10 peak of more than one substation during a month?

11 A Well, it's normally served from the Crystal  
12 Lake, would be, is my understanding. So it's not likely.  
13 There is provision in our billing that should you transfer  
14 a load between co-ops and duplicate billing demand, we  
15 will adjust that out of the bill we send to one of our  
16 members.

17 Q So if it's served --

18 A I don't quite know what you're --

19 Q If it's served from two substations during the  
20 month, you would adjust the demand of one substation down  
21 to allow for that?

22 A We avoid double billing our members for demands  
23 that might be duplicated when loads are shifted.

24 Q Is the answer to my question yes?

25 A I'm not sure what the question was anymore.

1 Q All right, sir, I asked you would you adjust the  
2 billings if the prison took its load from two different  
3 substations?

4 A If there was a duplication, yes.

5 Q Have you made such adjustments in the past?

6 A I hear about some. That's not in my area I'm  
7 directly involved in at AEC now. While I was a  
8 distribution co-op member of theirs, I had some of those  
9 problems and they made adjustments for me 25 years or so  
10 ago.

11 Q AEC, or Gulf Coast Electric Co-op has furnished  
12 its bills from AEC under request for information for about  
13 the past year, ending in August of '84. Are there any  
14 adjustments on those bills for this period that you're  
15 aware of?

16 A I have no idea.

17 Q The answer to interrogatories that I handed you  
18 on Crystal Lake subdivision, does the bottom of that sheet  
19 reflect the peak demand of Crystal Lake?

20 A The bottom?

21 Q Yes, sir, 1993.

22 A Oh, yes, sir.

23 Q And --

24 A Among other things.

25 Q And that shows in January it's at 7:00 and then

1 when you get to the summer months, it's 5:00 or 6:00?

2 A And 8:00.

3 Q Pardon?

4 A As late as 8:00.

5 Q And then in '92, the -- in August, it peaked at  
6 2:00; didn't it?

7 A '92. Yes. I calculated an average peaking time  
8 on this substation. It turned out about 6:40 p.m., as I  
9 recall, which is even later than my testimony indicated.  
10 I have based my testimony on less numbers than these. On  
11 an average basis, it's even later than my testimony.

12 Q You said, I think, that you think the prison  
13 peaks between 1:30 and 3:00; is that correct?

14 A I think 1:30 and 3:30 is my testimony.

15 Q And at least in two months in 1992, that would  
16 have been exactly the peak of this substation; would it  
17 not?

18 A That's what this indicates. Again, typically  
19 there's a lot of diversity, though, on the average.

20 Q Have you had the opportunity to look at Gulf  
21 Power's answer to the same questions?

22 A I've looked at about everything that's filed  
23 affecting my testimony in this case.

24 Q Let me hand out responses to Staff's Second Set  
25 of Interrogatories. Have you had the opportunity to

1 compare their peak period with your peak period for 1993?

2 A When you say your, you mean Crystal Lake again?

3 Q Yes, sir.

4 A Yes, there's about two and a half hours average  
5 different peaking time in the afternoon. They're that  
6 much later -- excuse me, the Crystal Lake substation is  
7 about two and a half hours average later than Gulf Power  
8 peaks. These four years indicate Gulf peaks between 1:00  
9 and 5:00 in the afternoon.

10 Q Since -- after you've looked at this, do you  
11 agree that Gulf Power would have a diversity of more than  
12 one?

13 A You can't have a diversity of more than one.

14 Q Less than one. Anyway, the diversity does not  
15 coincide directly with the peak load of the prison?

16 A I indicated in my testimony it could be little  
17 or none. It was, I assume, little. I guess there's one  
18 of the things I agree with Mr. Pope's testimony on. I was  
19 surprised that the prison load dropped off as early as  
20 1:30 in the afternoon. It seems to go up 8 to 5 kind of  
21 hours and come down 8 to 5 kind of hours, normally, except  
22 for that little dropoff, early. So that affected my  
23 testimony also.

24 Q Would you agree for planning purposes that it  
25 would be reasonable to expect that the load on the prison

1 would have about the same impact on Gulf Coast Electric  
2 Company as it would have on Gulf Power?

3 A No.

4 Q Why?

5 A For the reasons we've just been through:  
6 Different peaking times of these substations, the  
7 difference in average peaking times. I think we've pretty  
8 well covered it. They don't peak at the same time. The  
9 range is different, the average peaking times are  
10 different.

11 MR. CRESSE: Mr. Chairman, I think I can spend  
12 some more time going through this, for example in January  
13 of '93, the Crystal Lake substation peaks at 7, Gulf Power  
14 peaked at 8. The testimony as to the time the prison  
15 would peak in the wintertime, I don't know. But I think  
16 I'll just let these two documents speak for themselves on  
17 the question of impact and the question of how much  
18 capacity cost it would have on each of the utilities.

19 Let me see if I have anything else.

20 Q (By Mr. Cresse) Let me ask you another  
21 question, sir. In your deposition I asked you the  
22 question about the purchases by AEC from Opelika,  
23 Alabama. Do you recall that?

24 A Yes, sir.

25 Q Would you tell us what brought about those



1 purchases from the city of Opelika, Alabama?

2 A I'm not sure I know all the gory details, but it  
3 had to do with the distribution line of the Co-op in the  
4 edge of the city of Opelika having a high load and tending  
5 to overload and tripped some breakers. And what you  
6 didn't ask me about --

7 MR. HASWELL: Mr. Chairman, before we get too  
8 far down this line, I would object on the grounds that  
9 this goes way beyond the scope of his direct examination.

10 CHAIRMAN DEASON: Mr. Cresse?

11 MR. CRESSE: Mr. Chairman, I think his direct  
12 examination is based upon the cost to purchase power to  
13 serve the prison load, comparing that with the cost to  
14 Gulf Power serving the prison load. The payments made by  
15 Gulf Coast Electric Company to Alabama Electric Co-op are  
16 based upon Alabama Electric Co-op's cost. And as you look  
17 down the road, what I am trying to get to is they've made  
18 a purchase from Alabama Electric Co-op in order to sell --  
19 Alabama Electric Co-op has made a purchase from the  
20 Opelika, Alabama to settle a territorial dispute affecting  
21 an Alabama prison which this particular co-op is sharing  
22 in the cost of.

23 CHAIRMAN DEASON: I'm going to allow the  
24 question.

25 MR. CRESSE: Thank you, sir.

1           WITNESS PARISH: You're talking about probably  
2 3- or 400 kilowatts on the system where we sell over 1100  
3 megawatts of capacity. You can't find that to the  
4 calculation, but, but, I'm not ashamed of that. AEC  
5 operates on the one owner concept between us and our  
6 members trying to provide the lowest cost of service.  
7 Usually that evaluation involves whether we build  
8 transmission and substations or whether they upgrade  
9 distribution facilities. Usually that's the analysis.  
10 And we do that regularly on decisions involving our  
11 members' work plans, construction of their distribution  
12 systems. Some of our members construct their own  
13 substations. In some cases we construct them for them.  
14 Generally we construct all the transmission.

15           Every time you do an analysis involving those  
16 issues, questions are prone to come up as to what's the  
17 least investment from the one owner concept. If AEC owned  
18 all the systems, all our members, that's money coming out  
19 of one pocket, then what would be the cheapest thing to  
20 do? We try to make investment decisions between  
21 distribution lines and substation transmissions this way.  
22 The only thing that is different about this case is, in  
23 the short term, the obvious cheap solution was to purchase  
24 power instead of making a big distribution investment or  
25 transmission substation investment consistent with a one

1 owner concept that made sense. I'm not ashamed of it.

2 Q (By Mr. Cresse) Except for the requirement that  
3 the Co-op in Alabama purchase all of its capacity from  
4 you, they could have paid directly for that capacity to  
5 the City of Opelika; could they not have?

6 A That's right.

7 Q So it's their contractual obligation to purchase  
8 all their capacity to you that permits Gulf Coast Electric  
9 Company to pay some of the costs of that territorial  
10 settlement; is that right?

11 A Sure.

12 MR. CRESSE: Mr. Chairman, I am reminded to find  
13 out if we got all those things we handed out marked as an  
14 exhibit.

15 CHAIRMAN DEASON: No, sir, you didn't.

16 MR. CRESSE: I would like to have the rest of  
17 them that we handed out marked as an exhibit, please.

18 CHAIRMAN DEASON: All right, sir. The two-page  
19 document which has interrogatory questions No. 31 and 32  
20 on the front page will be identified as Exhibit No. 24.  
21 The interrogatory numbered 18, 19 and 20 and the responses  
22 attached thereto will be identified as Exhibit No. 25.  
23 And the Interrogatory No. 10 and the responses attached  
24 thereto will be identified as Exhibit No. 26.

25 (Exhibit Nos. 24, 25 and 26 marked for

1 identification.)

2 CHAIRMAN DEASON: Ms. Brown?

3 MS. BROWN: We have no questions.

4 CHAIRMAN DEASON: Commissioners? Redirect?

5 MR. HASWELL: Two quick questions.

6 REDIRECT EXAMINATION

7 BY MR. HASWELL:

8 Q Mr. Parish, was the Opelika transaction that  
9 Mr. Cresse inquired about in the best interests of Alabama  
10 Electric Cooperative and its members?

11 A Yes, I believe it was. In fact, on a purchase  
12 like that, having signed a contract, it goes -- I  
13 negotiated the arrangement. I had to get my boss to  
14 approve it and then we'd go through a committee that  
15 approves it and then went to the full board including the  
16 Gulf Coast member that approved that agreement.

17 Q What percentage of the total purchased power of  
18 AEC does that contract represent?

19 A Percent of purchased power? Percent of all our  
20 purchased power?

21 Q Yes, sir. Ball park figure. (Pause)

22 A I did it but I got a decimal place out of it.  
23 Let me try one more time, quickly. I think it's about  
24 100th of one percent.

25 Q Thank you, sir, no other questions.

1 CHAIRMAN DEASON: Exhibits?

2 MR. HASWELL: We move Mr. Parish's exhibit  
3 attached to his testimony, as well as JP-2.

4 CHAIRMAN DEASON: That would be Exhibits 21 and  
5 22. Without objection, those exhibits are admitted.

6 MR. CRESSE: We move the rest.

7 CHAIRMAN DEASON: That would be Exhibits 23  
8 through 26, without objection.

9 (Exhibit Nos. 21, 22, 23, 24, 25 and 26 received  
10 into evidence.)

11 MR. HASWELL: And Mr. Chairman, we also would  
12 like to move -- since this is our concluding witness --  
13 five additional exhibits, of which I think everybody  
14 already has copies of, but that's Staff's First Set of  
15 Interrogatories to Gulf Coast, Staff's Second  
16 Interrogatories to Gulf Power, Staff's Second  
17 Interrogatories to Gulf Coast, Gulf Coast Third  
18 Interrogatories to Gulf Power and Gulf Coast's First Set  
19 of Interrogatories to Gulf Power.

20 MR. STONE: Mr. Chairman, in the course of  
21 discovery frequently questions are asked that would  
22 ordinarily be objectionable on a relevancy basis, but  
23 because it's discovery you cannot object to the relevance  
24 of the question, unless it's unduly burdensome to provide  
25 the answer. Therefore I think it's inappropriate to make

1 a wholesale movement of entire responses to sets of  
2 interrogatories without a demonstration of relevance of  
3 the individual responses. And for that reason I would  
4 object to what Mr. Haswell is doing on the basis that he  
5 has not made any effort to show the relevance of any  
6 particular interrogatory responses to this proceeding.

7 CHAIRMAN DEASON: Mr. Haswell?

8 MR. HASWELL: Mr. Chairman, a lot of the  
9 interrogatories or pieces of interrogatories have been  
10 submitted, especially -- particularly the ones from Staff  
11 that go to the issues of cost and cost to serve, the  
12 details of the construction, the details of the  
13 facilities. Rather than me spend the time to go through  
14 each one of these and address the relevancy of each one, I  
15 don't see any harm in the Commission just taking -- having  
16 them in the file as an exhibit to be referred to for your  
17 information. I would be happy to defer this until the  
18 conclusion so that I can -- if I need to I can go through  
19 each one of these sets and then tell you why each one of  
20 the questions is relevant, something that -- to one of the  
21 issues in this case, either the cost to serve, what the  
22 disputed area is. I think you'll find that every one of  
23 them is.

24 CHAIRMAN DEASON: Mr. Haswell, you are correct  
25 that there have been a number of interrogatories which

1 have been introduced at this hearing and have been  
2 admitted as evidence, but that discovery has been utilized  
3 during the cross examination of witnesses and has been  
4 sponsored by witnesses as such, and they have testified to  
5 the accuracy of that information. If there is any  
6 objections to relevance, well then all parties were free  
7 to make that objection at that time, and that's the way  
8 that was handled.

9           It is not normal course for us to put wholesale  
10 into the record interrogatory responses unless there is a  
11 stipulation by all parties to do so. And what I  
12 understand is that Mr. Stone is not willing to do that at  
13 this time. And I see no need to deviate from established  
14 procedure.

15           Perhaps Mr. Pruitt can enlighten us some.

16           MR. PRUITT: Mr. Chairman, I think you summed it  
17 up nicely.

18           CHAIRMAN DEASON: Thank you, sir.

19           MS. BROWN: I was just going to comment that  
20 Staff would never ask any irrelevant question. Supposed  
21 to be a joke.

22           MR. HASWELL: There you have it.

23           CHAIRMAN DEASON: I will give you the  
24 opportunity to review those, and if you think there is any  
25 key information that is absolutely essential to your case,

1 that you feel compelled to have into the record, I'll give  
2 you that opportunity to move it. And perhaps there may  
3 not be an objection, but I'll put you on notice that if  
4 there is an objection you may have a difficult burden  
5 showing why it needs to be put into the record while it  
6 was not either directly sponsored by a witness or why it  
7 was not used during cross examination of a witness.

8 MR. HASWELL: Thank you, sir.

9 CHAIRMAN DEASON: I believe that concludes Gulf  
10 Coast's case.

11 MR. HASWELL: That does conclude Gulf Coast's  
12 case.

13 CHAIRMAN DEASON: Mr. Stone?

14 MR. STONE: Thank you, Mr. Chairman. At this  
15 time I would like to proffer the testimony of  
16 Mr. Russell L. Klepper to this Commission. I recognize  
17 that --

18 CHAIRMAN DEASON: I think we've already done  
19 that, Mr. Stone.

20 MR. STONE: Since we did that, there has been  
21 some testimony elicited by both Mr. Haswell and Mr. Floyd  
22 and Ms. Brown that goes to the concept of drawing lines on  
23 the ground, and the -- Mr. Klepper's prefiled testimony,  
24 when taken in total, demonstrates why Gulf Power Company  
25 believes it would be inappropriate to draw lines on the



1 ground over an area as large as South Washington County  
2 and unincorporated Bay County. The fact that that  
3 testimony has been elicited from Gulf Coast's witnesses  
4 and the fact that Mr. Klepper is not being allowed to  
5 provide his testimony in response to that testimony to  
6 this commission prejudices Gulf Power Company in its  
7 opportunity to defend against the expansion of the area in  
8 dispute beyond that which was contained in its petition.

9 CHAIRMAN DEASON: Okay, very well. You're  
10 proffering the testimony, we understand, and we understand  
11 the basis that you're doing that. You may call your first  
12 rebuttal witness.

13 MR. STONE: As another preliminary, Mr. Chairman,  
14 it has come to my attention that there were some issue  
15 numbers left off of some of our witnesses, and I would  
16 like -- as far as in reference to the prehearing order. I  
17 take full responsibility for that omission and I apologize  
18 for that, but for everyone's convenience I would like to  
19 update that list. With regard --

20 CHAIRMAN DEASON: You're referencing the  
21 prehearing order at this point?

22 MR. STONE: Yes, I am. The issue numbers have  
23 been listed by our rebuttal witnesses by their names in  
24 the section on witnesses. It has come to my attention  
25 that we omitted Issues 7 and 9 from Mr. Pope, Issue 7 from

1 Mr. Howell, Issue 13 from Mr. Hodges, and Issues 4 and 13  
2 for Mr. Weintritt.

3 CHAIRMAN DEASON: Please proceed.

4 MR. STONE: Mr. Pope has taken the stand. He  
5 was present when all the witnesses were sworn.

6 WILLIAM F. POPE  
7 was called as a witness on behalf of Gulf Power Company,  
8 and having been duly sworn, testified as follows:

9 DIRECT EXAMINATION

10 BY MR. STONE:

11 Q Would you please identify yourself for the  
12 record?

13 A My name is William F. Pope.

14 Q And are you the same W. F. Pope who prefiled  
15 rebuttal testimony in this proceeding?

16 A Yes, I am.

17 Q Do you have any changes or corrections to your  
18 prefiled rebuttal testimony?

19 A I have one on Page 6 of my rebuttal testimony,  
20 Line 17, there's a number on that page of \$27,146. It  
21 should be \$27,246.

22 Q Any other changes or corrections to your  
23 prefiled rebuttal testimony?

24 A No, sir.

25 Q If I were to ask you the questions contained in

1 your prefiled rebuttal testimony, would the answers as  
2 stated therein be the same?

3 A Yes, they would.

4 MR. STONE: We would ask that Mr. Pope's  
5 prefiled rebuttal testimony, consisting of seven numbered  
6 pages be inserted into the record as though read.

7 CHAIRMAN DEASON: Without objection it will be  
8 so inserted.

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## GULF POWER COMPANY

Before the Florida Public Service Commission  
Rebuttal Testimony of  
William F. Pope  
Docket No. 930885-EU  
Date of Filing June 3, 1994

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Q. Please state your name and business address.

A. William F. Pope, 500 Bayfront Parkway, Pensacola  
Florida 32501.

Q. What is your occupation?

A. I am Coordinator of Bulk Power Planning for Gulf Power  
Company in Pensacola, Florida.

Q. Please describe your educational background and experi-  
ence.

A. I graduated from the University of Florida in March,  
1975 with a Bachelor of Science in Electrical Engineer-  
ing, and in May, 1985 I graduated with a Masters in  
Business Administration from the University of West  
Florida. After graduation in 1975, I was employed with  
the Gainesville-Alachua County Regional Utilities,  
which is a unit of the City of Gainesville, Florida as  
a System Planning Engineer. In this position I was  
responsible for performing the necessary studies and  
analysis involved with the generation and transmission

1 system plans for future needs, writing and securing the  
2 contracts for the system's No. 2 and No. 6 fuel oil  
3 supply, and participating on a project team involved  
4 with the search for and negotiation of a long-term low  
5 sulfur coal contract for the Deerhaven 2 generating  
6 unit.

7 In October of 1978, I joined Gulf Power Company as  
8 a Plant Engineer at the Plant Smith in Panama City. In  
9 this capacity I was responsible for performing various  
10 plant engineering functions, coordinating environmental  
11 testing activities, coordination of various contractor  
12 maintenance activities, plant construction and  
13 operations and maintenance expense budget preparation,  
14 and acted part-time as an electric maintenance  
15 supervisor.

16 In April of 1981, I was promoted to the position  
17 of Engineering and Administrative Superintendent at the  
18 Plant Crist in Pensacola. In this position I was  
19 responsible for the management and supervision of the  
20 water and coal laboratory test, instrument and control  
21 maintenance and improvement programs, plant engineering  
22 functions, unit performance activities, office adminis-  
23 tration, plant warehouse and inventory activities, and  
24 preparation of the plant's capital and operations and  
25 maintenance budgets.

1           In April of 1987 I became Supervisor of System  
2           Planning and as of May 1, 1993 I assumed my current  
3           position of Coordinator of Bulk Power Planning at the  
4           Corporate Office in Pensacola. In these positions, I  
5           am responsible for supervising the Company's activities  
6           for generation and transmission planning for Gulf  
7           Power's long-range needs. The activities of System and  
8           Bulk Planning are deeply integrated with the marketing  
9           load forecasting, financial, power delivery, and  
10          regulatory areas within Gulf Power Company.

11  
12       Q.    What is the purpose of your testimony in this  
13           proceeding?

14       A.    I am testifying in rebuttal to portions of the  
15           testimony of Jeff Parish, of Alabama Electric  
16           Cooperative ("AEC"), who is testifying on behalf of Gulf  
17           Coast Electric Cooperative, Inc. ("the Coop"). I will  
18           address Mr. Parish's conclusions regarding the effects  
19           of the prison load on Gulf Power Company ("Gulf Power").  
20           More specifically, I will address and challenge his  
21           assumptions with regard to the assumed load profile of  
22           the prison and its load at the time of Gulf Power's  
23           peak.

24  
25

1 Q. Mr. Pope, please comment on Mr. Parish's  
2 assertion that only about 65% of the prison's load  
3 would occur during the Coop's substation peak.

4 A. Mr. Parish's analysis, using the hourly load shape of a  
5 prison served in Alabama, is of questionable relevance  
6 when considering what may be assumed as a load  
7 characteristic for the Florida corrections facility in  
8 Washington County. It is not reasonable to expect that  
9 the facility's load would decrease by one-third from  
10 the three o'clock time frame to the six o'clock time  
11 frame, particularly with the air conditioning load  
12 typically experienced during the summer. I would also  
13 expect that there would be significant water heating  
14 and cooking loads during this late afternoon time frame  
15 as well. One correctional facility in our service area  
16 for which we have actual data at this time experienced  
17 no significant change in load later in the afternoon.  
18 Thus, Mr. Parish's comparison of some unidentified  
19 prison load in Alabama to the new facility in Florida  
20 is significantly flawed.

21  
22 Q. Mr. Pope, how do you respond to Mr. Parish's  
23 estimate of the impact of the prison load on Gulf  
24 Power's system?

25

1     A.    Mr. Parish has attempted to draw an "apples versus  
2            oranges" comparison between Gulf Power and the Coop.  
3            His statement that "We believe the prison peak loads  
4            are at the same time as Gulf Power's peaks" shows the  
5            fatal error of his beliefs.  
6            In fact, the unidentified prison does not peak at the  
7            same time as Gulf Power.  Whereas the prison used in  
8            his analysis allegedly will peak as early as 1:30 PM,  
9            Gulf Power typically peaks in the summer at 5:00 PM,  
10           about the same time as the Coop substation.  Thus, the  
11           54% capacity advantage Mr. Parish attempts to create  
12           for the Coop will be closer to zero in the summer,  
13           especially since the electrical load characteristics  
14           for the new Florida facility with its air conditioning  
15           load could likely bear little resemblance to the  
16           unidentified facility in Alabama.  
17           Mr. Parish's peak comparison really only deals with  
18           the situation in the summer months with the mystery  
19           prison.  He states that the diversity in the winter and  
20           other months is "estimated" to be "approximately" 70%,  
21           but doesn't volunteer any data or facts.  He also  
22           neglected to make any KW capacity comparisons with Gulf  
23           Power in these months, so we do not know what his  
24           assumptions are.

25



1 Q. What is the situation in the winter months?

2 A. Mr. Parish states that AEC substations usually peak at  
3 7:00 AM.

4  
5 Q. When does Gulf Power usually peak in the winter months?

6 A. Gulf Power also peaks at 7:00 AM.

7  
8 Q. Then there is really no difference between the  
9 facility's impact on Gulf Power's system and the Coop's  
10 system during these months?

11 A. That is correct. There is no difference. In addition,  
12 as I've already demonstrated, there is little if any  
13 difference in the summer months. Assuming no  
14 differences, then the 54% capacity advantage Mr. Parish  
15 imputed to the Coop should be adjusted. This would  
16 adjust Mr. Parish's own calculations of the Coop's  
17 capacity cost for 1995 to be \$27,246, compared to a  
18 capacity cost to Gulf Power of only \$18,962. This  
19 adjustment assumes that it is appropriate to use the  
20 type of analysis Mr. Parish utilized.

21  
22 Q. Please elaborate.

23 A. Gulf Power witness M. W. Howell will testify that it is  
24 incorrect to attempt to use pool interchange

25

1 transactions as a proxy for capacity cost. Thus, both  
2 Mr. Parish's method and his calculations are flawed.

3  
4 Q. Does this conclude your testimony?

5 A. Yes. However, Gulf Power has not yet received  
6 responses to discovery requests previously submitted to  
7 the Coop. Additionally, other discovery requests will  
8 likely follow as a result of Mr. Parish's direct  
9 testimony. I will have to supplement my testimony  
10 following receipt of all discovery items.

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1 Q (By Mr. Stone) Mr. Pope, I don't believe there  
2 were any exhibits attached to your prefiled rebuttal  
3 testimony; is that correct?

4 A That is correct.

5 Q In light of the testimony that's come out today,  
6 do you have additional exhibits you would like to offer at  
7 this time?

8 A Yes, I would, I would like to have identified as  
9 an exhibit an interrogatory response to Gulf Coast  
10 Electric, their Third Set of Interrogatories.

11 Q Interrogatory response to what?

12 A To Gulf Coast -- Gulf's Response to Gulf Coast's  
13 Third Set of Interrogatories -- excuse me, Production of  
14 Documents. This is Item No. 8.

15 CHAIRMAN DEASON: Mr. Stone, do you wish to have  
16 this identified?

17 MR. STONE: Yes, please.

18 CHAIRMAN DEASON: It will be identified as  
19 Exhibit No. 27.

20 (Exhibit No. 27 marked for identification.)

21 Q (By Mr. Stone) Do you also have some load data  
22 information to update the load data information that you  
23 provided and it's also in response to some of the  
24 information that Mr. Parish just provided with his updated  
25 exhibit?

1           A     Yes, I happen to have hourly load data from the  
2 Holmes Correctional Institute in Bonifay, Florida. This  
3 is a state Department of Corrections' facility. I notice  
4 that Mr. Parish in his exhibit had a tabulation of survey  
5 material from prisons and the Escambia County Jail which  
6 was the basis of some conversation in my rebuttal  
7 testimony. Since my rebuttal testimony I've gathered  
8 additional data. This particular prison, like many of the  
9 prisons he identified, has air conditioning in Staff and  
10 administrative areas but does not have any air  
11 conditioning in the inmate areas like his. I think it's  
12 comparable data.

13           Q     This material which has been handed out is a  
14 two-sided piece of paper.

15           A     That's correct.

16           Q     And it's weekly load data correspondence to the  
17 Holmes Correctional Institute?

18           A     It's entitled Weekly Load Data Report. It is a  
19 15-minute interval demand, average demand, for that  
20 facility on July 25th, which was Gulf's July peak day for  
21 Gulf Power.

22           Q     That's July 25th, 1994?

23           A     That's correct.

24           Q     The peak day for this year?

25           A     The peak day for that month.

1 Q For that month.

2 A I think we've had another peak. It may have  
3 been two megawatts higher.

4 MR. HASWELL: Mr. Chairman, are we doing a  
5 summary of a testimony or are we doing testifying here  
6 now? I don't understand what these folks are doing.

7 MR. STONE: I'm trying to identify the piece of  
8 paper that was handed out sufficiently for the record so  
9 that I can have it identified as an exhibit number.

10 MR. HASWELL: I think it would speak for itself.

11 CHAIRMAN DEASON: I'm finding it helpful to find  
12 out what it is before we identify it, but I think we have  
13 identified it at this point and I will identify it further  
14 as Exhibit No. 28, and we may now proceed.

15 MR. STONE: Thank you, Mr. Chairman.

16 (Exhibit No. 28 marked for identification.)

17 Q (By Mr. Stone) Mr. Pope, do you have a summary  
18 of your testimony?

19 A Yes, and I'll be brief. My testimony challenges  
20 portions of the direct prefiled testimony of the Gulf  
21 Coast Electric Cooperative's witness, Jeff Parish,  
22 regarding the effects of this prison, the Washington  
23 County prison, on Gulf Power Company's system.  
24 Specifically I challenged Mr. Parish's assertion that the  
25 load impact on Gulf Coast Electric would be 65% of the

1 peak demand of the prison, and that Gulf Power Company  
2 would be fully impacted by that peak because of when the  
3 prison is expected to peak, which is assumed by Mr. Parish  
4 to be at the same time Gulf Power Company peaks.

5           There have been some exhibits already identified  
6 with regard to the Crystal Lake substation peak and Gulf  
7 Power Company's peak, and that information, although it  
8 stands on its own, pretty much indicates there are many,  
9 many times that Gulf Power Company peaks at the same time  
10 Crystal Lake would peak. So therefore the peaks would be  
11 approximately the same. The hours they peak in would be  
12 approximately the same. Therefore, the impacts would be  
13 approximately the same.

14           In addition, with regard to an exhibit during  
15 Mr. Gordon's testimony yesterday, Exhibit No. 10, there  
16 were three items on that list for Gulf Power Company's  
17 cost to serve the Washington County Correctional  
18 Institute, which concern me. The first one was the great  
19 disparity between Gulf Power Company's estimate to serve  
20 the staff housing area, which really is outside of my  
21 area. I just bring that as a concern.

22           But the other two areas, which were the line  
23 item that was called voltage regulators and the line item  
24 called the Vernon conversion that directly I have  
25 firsthand knowledge of and concern that they even showed

1 up on that cost comparison as cost to serve. I've been in  
2 planning now for 19 -- since 1987, and still do that. At  
3 that time I was -- up until about a year and a half ago I  
4 was also in charge of distribution planning, along with  
5 Gulf Power planning.

6 In 1988 and 1989 we started looking at the  
7 Vernon area distribution system and identified a number of  
8 problems there. And I was asked specifically to do an  
9 economic evaluation of some of the alternatives. My  
10 economic evaluation turned up that one of the major  
11 problems we had in the Vernon area, because it was such an  
12 immensely long set of distribution lines, as Mr. Weintritt  
13 referred to as some 200 miles of distribution line under  
14 one breaker --

15 MR. FLOYD: Excuse me, Mr. Chairman. I want to  
16 object to this entire summarization, because like the  
17 exhibit that was identified, none of it is referenced in  
18 the direct testimony -- excuse me, the rebuttal  
19 testimony.

20 MR. STONE: Mr. Chairman, Mr. Gordon's Exhibit  
21 No. 10 was not referred to in his prefiled testimony. We  
22 did not have it until it was handed out yesterday. In  
23 Exhibit 10 he makes reference to some cost items that  
24 Mr. Pope is trying to describe to you. Mr. Gordon's  
25 exhibit indicates that those cost items are related to

1 service to the prison. Mr. Pope is rebutting that  
2 testimony to demonstrate to the Commission that those cost  
3 items, specifically the voltage regulators and the Vernon  
4 substation upgrade, have no relationship whatsoever to the  
5 Washington Correctional Institute. It is appropriate  
6 rebuttal. It is responsive to material that was handed  
7 out yesterday during the direct case of Gulf Coast  
8 Electric Cooperative through their witness, Mr. Gordon,  
9 and I find it surprising that they would object to this  
10 information, given the fact that they were provided this  
11 very material, Exhibit No. 27, in discovery. They know  
12 that this material -- that these cost items were not part  
13 of the prison -- service to the prison, and yet they went  
14 ahead and included it in their exhibit. I think it is  
15 only fair for Gulf Power Company to be able to rebut that  
16 testimony and that exhibit that's in evidence.

17 CHAIRMAN DEASON: Mr. Stone, you know as well as  
18 I do that we have a policy here that summaries are limited  
19 to what is contained in the prefiled testimony. To the  
20 extent that you felt your case was prejudiced by the  
21 admission of an exhibit which you had not had before the  
22 hearing, you were free to make an objection at that time.  
23 I don't know if you made the objection. I don't recall.  
24 But I do know at this point that exhibit is in and that is  
25 just the situation that we are found. If during the



1 course of this witness's presentation on the stand, either  
2 during cross examination, or maybe you'll have the  
3 opportunity in redirect, but I'm not going to allow it as  
4 part of the summary.

5 MR. STONE: Mr. Chairman, the objection was made  
6 to Exhibit 10 on the basis that it had not been prefiled.  
7 The first contention that we have had that the Co-op is  
8 contending that these costs, as far as in this record,  
9 that these costs are part of service to the Washington  
10 Correctional Institute came when Mr. Gordon added an  
11 exhibit as a surprise to us and included reference to that  
12 in his summary. We are simply rebutting the testimony  
13 that Gulf Coast has provided. The summary that Mr. Pope  
14 has given to you is an explanation of an exhibit which has  
15 been marked as Exhibit 27.

16 CHAIRMAN DEASON: And I understand that and I'm  
17 telling you that his summary is going to be limited to  
18 what he filed in his prefiled rebuttal testimony, and I'm  
19 not going to allow anything further.

20 WITNESS POPE: Let me conclude my summary. As  
21 Mr. Parish indicated in cross examination earlier today,  
22 his estimate of the load shape of the prison in Alabama  
23 was nothing more than an estimate, and he really had no  
24 way of knowing what the hourly loads were and therefore  
25 his analysis is incorrect. And there have been other

1 information to prove that the impacts on Gulf Power  
2 Company and Gulf Coast are essentially the same. That  
3 concludes my summary.

4 MR. STONE: Tender for cross examination.

5 CHAIRMAN DEASON: Mr. Floyd?

6 MR. FLOYD: Thank you.

7 CROSS EXAMINATION

8 BY MR. FLOYD:

9 Q Mr. Pope, do you remember your -- that you were  
10 called upon to give a deposition on this case on September  
11 13th, 1994, correct?

12 A Yes, I did.

13 MR. STONE: Mr. Chairman, it's unusual for  
14 someone to be impeached before he's offered any  
15 testimony. I'm not sure why Mr. Floyd is making reference  
16 to a deposition. He has not asked him any questions yet.  
17 If he has a question for Mr. Pope, then he should ask it  
18 and get an answer, but I don't know why he would be  
19 bringing in the deposition at this point if he's not  
20 made -- unless he's going to try and show he's made an  
21 inconsistent statement.

22 CHAIRMAN DEASON: I understand that is the  
23 purpose for a deposition. We are usually fairly liberal  
24 in the way we utilize those. I'm going to allow him to  
25 pass it out, make it available to the witness, because

1 most likely that's going to happen anyway. We might as  
2 well do it at the beginning, and if he wants to use that  
3 deposition to lay a predicate to ask further questions,  
4 I'm going to give him that opportunity. Please proceed.

5 MR. FLOYD: Thank you, Mr. Chairman.

6 Q (By Mr. Floyd) Mr. Pope, in providing your  
7 direct testimony and the deposition testimony, you knew  
8 that the facts and the information you provided would be  
9 evaluated by the Staff and the Public Service Commission;  
10 didn't you?

11 A Repeat that again, and where is it in my  
12 deposition?

13 Q I'm saying that the information you provide in  
14 your direct testimony and the responses to the deposition  
15 questions, you knew that that information would be  
16 analyzed and provided as a part of this hearing before the  
17 Public Service Commission; didn't you?

18 A I'm aware it's subject to the scrutiny here  
19 under this Commission, yes.

20 Q You've been employed with Gulf Power for  
21 approximately 16 years?

22 A That's correct.

23 Q And your present position is that of coordinator  
24 of bulk power planning?

25 A That's correct.

1 Q And your office is there at the corporate  
2 offices in Pensacola?

3 A That's in my testimony, yes.

4 Q And the rebuttal testimony that you provided in  
5 writing was to challenge and rebut portions of the direct  
6 testimony of Mr. Parish?

7 A As I've referred to in my summary, yes.

8 Q Now, as a part of the basis of your rebuttal  
9 testimony, you reviewed and used data from a correctional  
10 facility in Gulf Power territory, correct?

11 A That's correct. I refer to an analysis I did of  
12 a Gulf Power Company served correctional institute.

13 Q And in your deposition of 9-13-94, later, in  
14 response to a question by Mr. Haswell, you identified the  
15 correctional facility which data you reviewed as the  
16 correctional -- excuse me, the Century Correctional  
17 Institute, Century, Florida, correct?

18 A Let's go through that. I remember that pretty  
19 well. Mr. Haswell asked me --

20 Q Is that correct?

21 A I said in my deposition that I believed that it  
22 was the Century Correctional Institute. After going back  
23 after my deposition, I reviewed my notes, reviewed my data  
24 and discovered that in fact it was the Escambia County  
25 Jail. That's what I was going to try and explain is that

1 at the time I was uncertain, but I said I believed it  
2 was. Thank you.

3 Q All right. The data that you provided -- excuse  
4 me, let me rephrase that. You never referenced in your  
5 testimony, direct -- excuse me, rebuttal, or in the  
6 deposition, that you had any information from the Escambia  
7 County Jail, did you, Mr. Pope?

8 A That is correct.

9 Q In fact, your only reference to that data was  
10 that it was from the Century Correctional Institute.

11 A Quoting from my deposition response --

12 Q You believed that that was from Century?

13 A "I believe" -- quoting from it, "I believe it's  
14 the Century Correctional Institute, Century, Florida."

15 Q And you identified this as one of the prisons  
16 that served as the basis, the Century prison --

17 A At the time I believed --

18 Q -- that served as the basis for the estimated  
19 load at the new prison being 372 kW, meaning the Holmes  
20 and Century prisons. That was in your response to Staff's  
21 request for production 4b, correct?

22 A Would you let me go refer to that, please or  
23 hand it to me?

24 MR. FLOYD: Mr. Chairman, we would like to have  
25 that marked as the next exhibit please, sir.

1 CHAIRMAN DEASON: It will be identified as  
2 Exhibit No. 29.

3 MR. FLOYD: That's Staff's First Set -- First  
4 Request for Production of Documents to Gulf Power.

5 (Exhibit No. 29 marked for identification.)

6 WITNESS POPE: And let me clarify something  
7 here --

8 Q (By Mr. Floyd) Let me ask you the question  
9 first.

10 A You've already asked me a question.

11 Q Okay. I didn't hear your answer.

12 A This particular data is kilowatt-hour sales data  
13 and kilowatt-hour demand data which I did derive from the  
14 Holmes and the Century Corrections from billing data which  
15 is peak demand and energy data based on load factor, not  
16 hourly load data, but that is correct, yes, sir.

17 Q Mr. Pope, the facility, what I'm talking about  
18 is what you identified as the data, the facilities -- on  
19 this request for production, Gulf Power said the  
20 facilities are Holmes Correctional and Century  
21 Correctional facilities that we utilized, correct?

22 A For this response, yes, sir.

23 Q And that's the same one that you believe was the  
24 data that you supplied in connection with this case?

25 A Are you referring to my testimony?

1 Q Yes, sir.

2 A That is incorrect. And as I tried to state  
3 earlier, at my deposition I believed it was. I was  
4 confused. I later discovered that, and in fact in another  
5 interrogatory response that has not been handed out but  
6 could be if you wanted, I responded to an interrogatory  
7 response to you with hourly load data from the Escambia  
8 County Jail which you asked me to respond to with the one  
9 referred to in my testimony. This is billing data. That  
10 was referring to hourly load data.

11 Q Mr. Pope, in this Exhibit No. 29, the reference  
12 down at the bottom, these facilities are Holmes  
13 Correctional and Century Correctional. That reference to  
14 Century Correctional is the same Century Correctional that  
15 you believe that the data related to, correct? That's the  
16 same prison --

17 A The one I was mistaken about in my deposition,  
18 yes, that's the same one.

19 Q Now this is the same when we're talking about  
20 Century Correctional facility regarding which Gulf Power  
21 stated in answer to Gulf Coast's last set of  
22 interrogatories to -- to Gulf Power No. 2. Let me give  
23 you that. (Pause)

24 Regarding that particular response, Gulf Power  
25 stated in answer to that, that it, Gulf Power, does not

1 have any information about the load components, correct?

2 A The question reads: "Regarding the prison  
3 facility referred to by William Pope in his prefiled  
4 rebuttal testimony, page 4, lines 15 through 17, please  
5 state:

6 "(a) The energy source that is used for air  
7 conditioning the facility and the amount of kW of load  
8 and/or amount of energy requirements associated with the  
9 air conditioning system."

10 The response was as you stated: "Gulf Power  
11 Company does not have any information about the individual  
12 load components within the prison referenced above."

13 Q All right, sir, and just looking at that, I  
14 noted that there was some -- the question -- there was two  
15 parts of that question. Why didn't you answer the first  
16 part of it?

17 A Excuse me?

18 Q On those a, b and c, 2a, b and c, why was not  
19 the first part of those questions answered?

20 A I did. The question asked about the facility  
21 referred to in my rebuttal testimony, Page 4, Lines 15 and  
22 17, state, "The energy source that is used for air  
23 conditioning the facility and the amount of kW of load  
24 and/or amount of energy requirements associated with the  
25 air conditioning system." We have no individual component



1 metering data for air conditioning in that facility.

2 That's the answer.

3 Q Mr. Pope, look down at the -- at No. 3. Excuse  
4 me, let me see. (Pause) So the response on this exhibit  
5 we have just identified is that "Gulf Power does not have  
6 any information about the individual load components  
7 within the prison referenced above." And the prison that  
8 was referred to, we asked you a question about was the one  
9 that you had referenced in your prefiled rebuttal  
10 testimony, the Century Correctional facility.

11 A That is incorrect.

12 MR. STONE: Mr. Chairman, Mr. Floyd -- I finally  
13 think I've broken the code of what Mr. Floyd is trying to  
14 do. The statement in Mr. Pope's prefiled testimony says,  
15 "One correctional facility in our service area for which  
16 we have actual data at this time experienced no  
17 significant change in load later in the afternoon." In  
18 his deposition he was asked, Do you know what -- which one  
19 that is? And the answer was "I believe its the Century  
20 Correctional Institute, Century, Florida." When he  
21 provided the answer to this interrogatory that he's  
22 referring to, he provided -- he said he didn't know about  
23 the individual the load components. He then in  
24 Interrogatory No. 3, the same set, asked for hourly load  
25 data of the prison facility referenced in the preceding

1 interrogatory. He provided that load data and it says at  
2 the top of this page, Hourly Load Data for the Escambia  
3 County Jail. So Mr. Floyd keeps referring to it as "You  
4 referred to Century Correctional facility in your  
5 testimony," and yet he has information which he's handed  
6 out to you to show that Mr. Pope, although he may have  
7 believed it was Century when he had his deposition taken,  
8 he later provided interrogatory responses informing  
9 Mr. Floyd that it was the Escambia County Jail. So for  
10 him to continue to say that his prefiled rebuttal  
11 testimony referred to the Century Correctional Institute  
12 is misleading and gives the impression that Mr. Pope was  
13 referring to the Century Correctional Institute in his  
14 rebuttal testimony and that simply is not the case.

15 MR. FLOYD: Mr. Chairman, I would like to  
16 respond to that regarding the misleading part. Every  
17 reference, as I've been pointing out in the process of  
18 cross examination here -- and this is one purpose of it --  
19 every reference to every document has been the Century  
20 Correctional facility. It's not referenced that there is  
21 anything other than that in the interrogatories, in the  
22 deposition that was Century, and that's what we used to  
23 take a look at this. The first time we get this is  
24 October the 10th, and there's no reference even in these  
25 documents themselves, in the answers to it, that refer to

1 it as Century -- that refer to it as Escambia County  
2 Jail.

3           If you'll look at the document on No. 2 -- that  
4 exhibit that's attached to the answer, the only reference  
5 is way in the corner of this copied piece of document,  
6 which says "Hourly Load Data," way down at the bottom in  
7 small print. Apparently this was copied on to this page.  
8 It's the hourly load data for the Escambia County Jail,  
9 which is a completely different facility, and that's why I  
10 wanted to bring this out; that until -- and they never  
11 even referenced it until today, that they were talking  
12 about Escambia County Jail rather than the Century  
13 Correctional facility.

14           CHAIRMAN DEASON: I think the record will speak  
15 for itself. He was under the assumption that it was  
16 Century when he answered in -- I'm sorry, when he answered  
17 a question in his deposition. But apparently it was not.  
18 And the information that has been provided to you is for  
19 Escambia, and I assume that the information is correct.  
20 Can we go forward from here?

21           MR. FLOYD: All right, sir.

22           WITNESS POPE: I apologize for an honest mistake  
23 during the deposition. I did file previous interrogatories  
24 back in November of last year referring to the Century  
25 prison and the Holmes Correctional facility because they

1 are very similar in size to this one, but when I looked at  
2 hourly load data, which I'm sorry, I did not answer  
3 correctly in my deposition, it was the Escambia County  
4 Jail. And I cannot do anything but say I'm sorry. We did  
5 not have hourly load metering data on these Holmes Creek  
6 and Century prisons until most recently.

7 Q (By Mr. Floyd) So the data that you used to  
8 compare with was the Escambia County Jail?

9 A The data referred to in the prison in my  
10 prefiled testimony is the Escambia County Jail.

11 Q Mr. Pope, Escambia County Jail is being used by  
12 you to compare with this correctional facility for  
13 purposes of deriving some accurate comparisons, correct?

14 A That's correct.

15 Q Now, the Escambia County Jail is a six- or  
16 seven-story facility; isn't it?

17 A That's correct.

18 Q And in fact, these facilities that are proposed  
19 for the Washington County Correctional Institute are not --  
20 are only one story; aren't they?

21 A I don't know.

22 Q Wouldn't that be important in comparing two  
23 facilities for purposes of the cost?

24 A I don't know.

25 Q You don't know if it would be important?

1           A     I don't know if it would be significant.

2           Q     Isn't it -- wouldn't you agree that you can't  
3 properly compare the load factor from this type of  
4 multistory building, jail -- well, let me back up a  
5 second, if you will. Isn't it also correct that the  
6 Escambia County Jail is air conditioned 24 hours a day?

7           A     That's true.

8           Q     365 days a year?

9           A     It's climate controlled.

10          Q     But it's air conditioned?

11          A     I don't know if they run the heater in the  
12 wintertime or the air conditioner in the wintertime, but  
13 it's climate controlled.

14          Q     And these facilities, these correctional  
15 facilities that are planned, have a number of units where  
16 the inmates are kept that do not have air conditioning.  
17 Are you aware of that?

18          A     Which are you referring to now?

19          Q     The Washington County Correctional facility.

20          A     I believe the inmate areas are not climate  
21 controlled.

22          Q     No air conditioning are provided, correct?

23          A     I believe that's correct.

24          Q     And the inmate areas in this Escambia County  
25 Jail, as we talked about, all have air conditioner,

1 whether it be climate controlled or not?

2 A I'll agree.

3 Q Do you agree that you cannot properly compare  
4 the load factor from this type of multistory municipal  
5 jail that's fully air conditioned with a correctional  
6 facility that's spread out, that is -- that has spread out  
7 one-story units and does not provide air to those  
8 prisons? Would you agree with that?

9 A Just a moment. (Pause) Excuse me, Mr. Floyd,  
10 but would you refer to my rebuttal testimony or my  
11 deposition where I talk about load factor comparisons?

12 Q No, sir. I am just asking you right now if you  
13 feel that you can properly compare the load factor for  
14 purposes of evaluating the differences here before the  
15 Public Service Commission, that you can properly compare  
16 the load factor of this type of facility of the Escambia  
17 County Jail, seven stories and has the full time air  
18 conditioning, with the Washington County -- proposed  
19 Washington County Correctional facility in terms of load  
20 factor where it has -- this one has spread out units,  
21 one-story units, with no air conditioning for the  
22 prisoners? What I'm asking, do you think you can properly  
23 compare those two?

24 A I don't know if the construction has any  
25 difference to load factor or what. I don't believe I

1 testified about load factor of a prison. Maybe it's a  
2 different term.

3 Q So you don't know, correct?

4 A What I am saying is I would like to know where  
5 in my testimony that I said that so I can refresh my  
6 memory as to what you're asking me here.

7 Q I'm sorry, Mr. Pope. At the time we took your  
8 testimony your reference was only to the Century  
9 Correctional Institute. We didn't know that there was  
10 any -- that you were going to make a comparison to  
11 Escambia County Jail, so that's the reason it's not in  
12 your testimony. What I'm asking you now is given the  
13 differences between the physical structure, the full time  
14 air conditioner, of these two facilities, one that is in  
15 existence and one that is proposed, do you think that's a  
16 proper comparison to be made for purposes of providing  
17 information here, apples to apples?

18 A With regard to load factor, I don't know if  
19 there will be any significant difference or not between  
20 the two.

21 Q Mr. Pope, in your testimony, in your rebuttal  
22 testimony on Page 4, Lines 12 through 16, you had said  
23 that you would expect significant water heating and  
24 cooking loads during the late afternoon, correct?

25 A That's what it says. That's what it says there.

1 Q We're talking about in terms of load shape as  
2 opposed to load factor, right?

3 A That would affect the load shape, yes.

4 Q Now, that wouldn't be true -- that couldn't be  
5 true if one cooked with gas and heated water with gas,  
6 could it?

7 A That would be a different energy source, you're  
8 right.

9 Q And would you be surprised to know that the  
10 Escambia County Jail uses gas for water heating and some  
11 gas for cooking?

12 A No, I wouldn't be surprised.

13 Q In fact, that would be what would -- okay. And  
14 if electric air conditioning were used only for staff in  
15 administrative areas, wouldn't you expect that those loads  
16 would decline late in the afternoon when much of the staff  
17 went home and air conditioning was turned up -- excuse me,  
18 turned off, or at least the thermostats were turned up?

19 A Are you talking about the Escambia County Jail?

20 Q Yes, sir.

21 A Their staff really doesn't change that much  
22 because they're pretty much staffed about the same all the  
23 way around the clock. There's only minor differences.

24 Q What about with respect to the proposed  
25 Washington County Correctional facility?



1           A     I would expect pretty much about the same.  
2 There may be the administrative staff would be the only  
3 one I expect to be a difference, over the guards and the  
4 other support people.

5           Q     And if they turned that down or off after the  
6 time they went home, then there would be some difference  
7 there, the loads would decline late in the afternoon,  
8 correct?

9           A     If they turned something off, the load would go  
10 down.

11          Q     All right, sir, are you aware that the Century,  
12 Holmes and Clayton prisons use gas for cooking, water  
13 heating, space heating and electricity for the air  
14 conditioning staff in the administrative areas?

15          A     I believe it's gas or propane, but whatever,  
16 it's an alternate source to electric energy, yes. Did you  
17 say -- would you repeat all three of those?

18          Q     Gas for cooking --

19          A     I'm talking about the correctional institutes.

20          Q     Century, Holmes and Clayton prisons.

21          A     Yes.

22          Q     Mr. Pope, do you have the hourly load data on  
23 Holmes and Century prisons?

24          A     I have some hourly load data on the Holmes  
25 Correctional Institute and the Century Correctional

1 Institute, yes.

2 Q All right, sir. Why didn't you use -- is  
3 that this information right here that you're talking  
4 about, the data regarding Holmes prison that is marked as  
5 Exhibit No. 28?

6 A That is an example of some of the data I have,  
7 yes.

8 Q That's just one day, correct?

9 A That's correct.

10 Q And didn't we ask you to file a late-filed  
11 exhibit concerning the months so that we could make a  
12 comparison on that?

13 A What do you want specifically?

14 Q Well, what I am asking is, we have one day  
15 here. When did you put in the meters to be able to -- to  
16 be able to provide this information?

17 A I don't remember right off on the Holmes  
18 Correctional Institute. The Century Correctional  
19 Institute was some time in September. They have changed  
20 category from a GSD to a large power customer, and they  
21 had to have this kind of data.

22 Q Mr. Pope, why was the metering from which to  
23 develop hourly load data installed in Escambia County Jail  
24 in May of 1993?

25 A It's part of a load research project they were

1 doing for the marketing people on conservation programs, I  
2 believe.

3 Q Because that's the first information that you  
4 had on that Escambia County Jail, right, was that in May  
5 of '93?

6 A That's correct.

7 Q Is the Escambia County Jail on a time-of-use  
8 rate from Gulf Power or some kind of time-of-use  
9 experiment?

10 A I don't know. (Pause)

11 Q Mr. Pope, I would like to ask you some questions  
12 concerning Gulf Power's Response to Staff's First Request  
13 for Production of Documents, and we would like to have  
14 that marked as an exhibit please, Mr. Chairman.

15 CHAIRMAN DEASON: It will be identified as  
16 Exhibit No. 30.

17 (Exhibit No. 30 marked for identification.)

18 MR. STONE: Mr. Chairman, I think the record  
19 would be more accurately describing this item if it was  
20 described as Item 3 to Staff's First Request for  
21 Production of Documents. I don't recall how many items  
22 were in Staff's First Request, but he appears to be  
23 handing out only Item 3. In fact, he's only handing out  
24 the first page of a two-page document.

25 MR. FLOYD: That is correct.

1           CHAIRMAN DEASON: Very well.

2           Q       (By Mr. Floyd) Mr. Pope, in that response to 3a  
3 and d, Gulf Power said that the 372 kilowatts could be  
4 served from Gulf reserves and there's no impact on Gulf  
5 Power planned resources or purchased power; is that  
6 correct? Do you see that, Mr. Pope?

7           A       Yes, it says that there are no studies underway  
8 to determine that and that there is no impact on the 372  
9 kilowatts because it can be absorbed in our 224 megawatts  
10 of reserves. It doesn't change our plans.

11          Q       And it says it has no impact on Gulf's planned  
12 resources or purchased power needs, correct?

13          A       That is correct.

14          Q       Why didn't you include Southern Company pool  
15 purchases and sales in your answers to those  
16 interrogatories? Did you forget, or you just weren't  
17 aware of them?

18          A       I don't include pool purchases in any  
19 evaluations I do for load increases or decreases in the  
20 integrated resource planning process.

21          Q       Okay, on Page 6 of your testimony you adjusted  
22 Mr. Parish's calculations because you state that you don't  
23 think there's any difference in the peak times of Gulf  
24 Coast Crystal Lake subdivision and Gulf Power and claim a  
25 pool impact of \$18,962; is that correct?

1           A     What I state there is that I'm assuming in  
2 asserting that we peak approximately the same time,  
3 therefore the kW in demand impact would be the same and  
4 said, this would adjust Mr. Parish's own calculations of  
5 the Co-op's capacity cost for 1995 to be 27,000 -- excuse  
6 me, yeah, of the Co-op's cost in 1995 to be 27,146,  
7 compared to a capacity coast to Gulf of only 18,962.  
8 That's if I take Mr. Parish's assumptions to be true.

9           Q     Well, then you do agree that there is a pool  
10 impact?

11          A     I do not agree.

12                   CHAIRMAN DEASON: I had --

13          Q     (By Mr. Floyd) But you claim a pool impact on  
14 Line 18, right?

15          A     I don't believe I say that.

16          Q     Claim a pool impact of \$18,962?

17          A     I don't see "pool impact" there.

18          Q     Capacity costs, right?

19          A     If I'm assuming Mr. Parish's analysis to be  
20 correct and that I also assert that there is about the  
21 same impact on Gulf as there would be on Gulf Coast in  
22 regard to kW demand of this prison at time of peak, then  
23 my figure adjusts down his figure, to 18,962. But I do  
24 not agree that Mr. Parish's assertion that there would be  
25 a quote "impact of capacity cost" on Gulf. I don't

1 mention pool impact.

2 Q But you don't agree that there would be any, as  
3 you term it, capacity costs impacted either, right?

4 A That's correct.

5 Q So whether it's referred to as capacity costs or  
6 pool impact costs, that 18,962 is not something that you  
7 would do; you were just performing his calculations?

8 A I'm just saying that his assumption that it  
9 impacts us more than him, than the Gulf Coast, is  
10 incorrect. There should be an equal impact, and if there  
11 were that impact on capacity costs, his figures should be  
12 adjusted downward to 18,962. That's all I'm saying.

13 Q In terms of the \$18,962, is that real dollars  
14 that Gulf Power will pay to the pool based on this load?

15 A I don't follow what you're saying.

16 Q The number that you referenced, the capacity  
17 costs of only \$18,962, is that real dollars that Gulf  
18 Power will pay to the pool based on this load?

19 A If you were to take Mr. Parish's assumptions  
20 that he used in his calculation, which we recently  
21 received under discovery, if you assumed that was correct,  
22 after four years of this load coming into the Gulf Power  
23 Company's system, that would be payments made to the pool,  
24 that's if you assume that.

25 Q And those payments would be in terms of real

1 dollars that they would pay, correct?

2 A There would be accounting and dollars flowing  
3 from company to company. Of course sometimes we sell,  
4 sometimes we buy.

5 Q Mr. Pope, regarding your testimony on the same  
6 impact in terms of kilowatts being the same peaking times,  
7 let me ask you this: Isn't it true that based on your  
8 assumptions of pool cost and impact upon believing that  
9 the Gulf Power and Crystal Lake subdivisions peak at the  
10 same time, 7 a.m. in the winter, you based your  
11 assumptions on that? Do you want me to repeat the  
12 question?

13 A Yes, please.

14 Q Isn't it true that you based your assumptions of  
15 pool costs and impact upon believing that Gulf Power and  
16 Crystal Lake subdivisions peaked at the same time, that  
17 being 7:00 a.m. in the winter?

18 A I made no assumptions about pool costs. My  
19 assumptions about the impact on Gulf Power Company at its  
20 peak and Gulf Coast Electric, when the Crystal Lake  
21 substation peaks, would be approximately the same. In the  
22 wintertime, particularly December, and sometimes in  
23 January and February, we're either right with each other  
24 or within our hour apart from each other.

25 Q And you base that on believing that the subs

1 peaked at the same time, which was 7:00, the Gulf Power  
2 substation and the Crystal Lake substations peaked at the  
3 same time, which would be 7:00 a.m. in the winter?

4 A No, ma'am -- no, sir, no, sir. What I said was  
5 comparing Gulf Power Company's peak and Crystal Lake  
6 substation's peak, not the individual substation of Gulf  
7 Power Company.

8 Q Isn't it true that Gulf Power actually peaks its  
9 load peak at hours ending from 7 -- the hours ending 7 a.m.  
10 until 9 a.m. in the wintertime?

11 A Can I refer -- I know, I've got it here. Excuse  
12 me. According to an exhibit that was handed out a little  
13 earlier, which was a response to -- Gulf Power Company's  
14 Response to Staff's Second Set of Interrogatories, No. 10,  
15 and you're talking about the winter peaks?

16 Q Yes, sir.

17 A We have peaks that range from 7 till 9,  
18 predominantly in the 7 and 8 a.m. range, one 9 a.m.  
19 number.

20 Q What that means, though, is that the hours  
21 ending 7 a.m. So it would start with 6 a.m. and go all  
22 the way through 9 a.m., correct?

23 A Through the hour ending 9 a.m., 6 through --

24 Q Through the hour ending 9 a.m., which would be  
25 9 a.m.



1 A That's correct.

2 Q And didn't you base your testimony regarding the  
3 summer months on Gulf always peaking at 5 p.m. compared to  
4 Mr. Parish's testimony regarding the Crystal Lake  
5 subdivision peaking at 6 p.m. --, excuse me, substation?

6 A I don't believe that's exactly what I said. I  
7 believe in my deposition I even further clarified it to  
8 say that typically, the typical summer peak, or typically  
9 is around 5 p.m.

10 Q That's one of the criticisms that you had of  
11 Mr. Parish's testimony, though, correct?

12 A Would you refer me to where I criticized his  
13 testimony?

14 Q I'm saying that the --

15 A I challenged his assumption that we peak in the  
16 1:30 to 3:30 time frame in the summertime as being  
17 predominant. Our records indicate it's more like the 4  
18 and 5:00 time period.

19 Q But your data shows that you peak in the summer  
20 hours from the hours ending 2 p.m. until 5 p.m.

21 A I believe we had one year, and I believe it was  
22 1992, when we peaked hour ending 2 p.m., and in fact I've  
23 got a summary if you would like to have it handed out, I  
24 believe.

25 Q I have something we're going to refer to in a

1 minute regarding that, Mr. Pope. Let me just get the  
2 answer to your question on that. So that would be that  
3 the -- the peak hours for Gulf Coast in the summer would  
4 be from the hour starting at 1:00 and then concluding at  
5 5:00, the summer hours?

6 A The range --

7 Q The range, correct.

8 A -- in which times we have, I would say the range  
9 has been from as early as 2 p.m., the hour ending 2 p.m.  
10 and I believe as late as --

11 Q 5 p.m.? 6 p.m.?

12 A 5 p.m.

13 Q 5 p.m.

14 A But that's a range. That is not an average nor  
15 is it -- yes, that's the one.

16 Q When we took your deposition, Mr. Pope, you  
17 seemed surprised by these times when Gulf Power -- excuse  
18 me, when Gulf peaked and said you didn't know how your  
19 testimony would change if Gulf peaked at times other than  
20 7 a.m. in the winter and 5 p.m. in the summer, Gulf Power?

21 A Where was that at?

22 Q Just a minute. (Pause) Give me just a minute,  
23 Mr. Chairman.

24 CHAIRMAN DEASON: I think now would be a good  
25 time to take ten minutes.

1 (Recess)

2 CHAIRMAN DEASON: Call the hearing back to  
3 order. Mr. Floyd?

4 MR. FLOYD: Thank you, Mr. Chairman.

5 CHAIRMAN DEASON: You need to turn your  
6 microphone on.

7 Q (By Mr. Floyd) Mr. Pope, the area that I'm  
8 questioning you concerning that's on Page 13, Lines 4  
9 through 10 of your deposition -- and let me read that to  
10 you. The question was: "Okay. Well, then, help me with  
11 this. How would your testimony change, if at all would be  
12 affected if instead of finding that Gulf Power's peaks are  
13 typically at five p.m., it turned out they were at  
14 three p.m. Would that change anything you have to say  
15 about Mr. Parish's testimony?"

16 And your answer there was, "I don't know,"  
17 correct?

18 A That's correct.

19 Q And that is because you had not anticipated at  
20 that time that the Gulf Power did have the peak at 3 p.m.,  
21 correct?

22 A No, I frankly was well aware that Gulf Power  
23 Company had had peaks at 2 -- I had one at 2, one or two  
24 and 3, many at 4 and 5. You asked me the question about  
25 would that change anything you have to say about

1 Mr. Parish's testimony? And I said I don't know because I  
2 don't know what that effect would have.

3 Q Have you decided yet? Have you made any further  
4 calculations?

5 A I could probably be given some specific  
6 assumptions and a hypothetical and maybe answer.

7 Q Well, let's presume that the peak turned out to  
8 be 3 p.m. as opposed to 5 p.m., typically, as referenced  
9 in that question.

10 A The issue here, one of the issues, is what is  
11 the load of the prison at 2 or 3 or 4 or 5 or 6 p.m.? If  
12 the load at 3 p.m. is similar or the same as that of  
13 6 p.m., it would not change my assertion about  
14 Mr. Parish's testimony. If the load was 5% lower at  
15 6 p.m. as opposed to 3 p.m., it would have a very  
16 insignificant impact.

17 Q Very insignificant?

18 A Insignificant.

19 Q In fact, let me ask you some questions  
20 concerning this exhibit, Exhibit No. 28 that was offered  
21 regarding the Holmes Correctional Institute. Now, in your  
22 testimony previously, you've only mentioned the Century  
23 facility and the Escambia County Jail in your rebuttal.  
24 Have you -- you've never mentioned the Holmes Correctional  
25 Institute in your rebuttal or direct, have you?

1           A     Only in the interrogatory response last  
2 November, that's correct.

3           Q     And in this document that you've provided us  
4 with here today, No. 28, these show the loads every 15  
5 minutes from time metering on the Holmes Correctional  
6 Institute on that date, September 6th, correct?

7           A     No, July 25th, 1994.

8           Q     I'm sorry, yes. Now, looking at the loads for  
9 every 15 minutes starting at 4:00, they are going down  
10 progressively from that point; are they not?

11          A     Yes, they are.

12          Q     And doesn't that mean that the percentage -- no,  
13 excuse me, doesn't that mean that the degree that Gulf  
14 Power -- excuse me, doesn't that mean that to the degree  
15 that Gulf Power Company peaks earlier, for example at  
16 5 p.m., than the Crystal Lake substation at, for example,  
17 6 p.m., then there is some diversity benefit to Gulf  
18 Coast?

19          A     Not necessarily. And let me explain. What it  
20 means is that there would be a lesser load impact at  
21 6 p.m. than there would be at 4 p.m.. To what degree is  
22 an issue. Diversity on the substation or on Gulf Coast  
23 Electric does not only depend on this prison or any  
24 prison, but all loads served by a substation or the  
25 Cooperative. Different customer classes -- and this is

1 what diversity is -- diversity is that different customer  
2 classes peak at different times, making their coincident  
3 peak less than the sum of all parts.

4 Q But Mr. Pope, with respect to this data only, as  
5 how it affects the diversity, isn't it correct that it  
6 would benefit this diversity in the load pattern given  
7 here for this day would be -- to a greater degree benefit  
8 the diversity to Gulf Coast rather than Gulf Power, given  
9 their peak times?

10 A Oh, given their peak times?

11 Q Right. Given for the peak, for example, for  
12 6 p.m. for Gulf Coast, and for example, 5 p.m. for Gulf  
13 Power?

14 A If Gulf Power Company peaked at what hour?

15 Q For example, at 5 p.m.

16 A If Gulf Power Company peaked at 5 p.m. and Gulf  
17 Coast peaked at 6 p.m.?

18 Q Correct.

19 A There is a diversity difference. There is a  
20 lesser megawatt demand at 6 p.m. than at 5 p.m. And that  
21 would be true for any of the hours that you mentioned from  
22 4 to 6. We can make a specific example if you would want  
23 to.

24 MR. FLOYD: Thank you. I don't have any further  
25 questions, Mr. Chairman.

1 CHAIRMAN DEASON: Ms. Brown?

2 MS. BROWN: No questions.

3 CHAIRMAN DEASON: Commissioners? Redirect?

4 MR. STONE: Briefly.

5 REDIRECT EXAMINATION

6 BY MR. STONE:

7 Q Mr. Pope, you have been questioned extensively  
8 about the fact that you used Escambia County Jail hourly  
9 load data when you were preparing your rebuttal testimony  
10 that was filed on June 3, 1994. Why did you use the  
11 Escambia County load data -- Escambia County Jail load  
12 data when you were filing that rebuttal testimony?

13 A Its peak demand is roughly in the same, if not a  
14 little bit higher, than the 372 referred to in this  
15 Washington County Correctional Institute. It seemed like  
16 a fairly good proxy.

17 Q Did you have hourly load data for the Holmes  
18 County Correctional Institute, I'm sorry, the -- the  
19 Holmes Creek Correctional Institute when you filed your  
20 rebuttal testimony?

21 A Not in June, no.

22 Q And the Exhibit No. 28 which is one weekly load  
23 data report for the Holmes Correctional Institute, is that  
24 a result of a change in the metering at Holmes  
25 Correctional Institute, subsequent to your rebuttal

1 testimony?

2           A     Yes. Our load research department is taking all  
3 large general demand customers and large power customers,  
4 demand customers and putting load research data in, or  
5 meters, on their facilities so they can get conservation  
6 data. This is one of the facilities that was added  
7 subsequent to my rebuttal testimony and I picked this  
8 particular day because it was the daily -- the day that we  
9 peaked in July, and I just wanted to see it.

10           Q     But in terms of hourly load data for the Holmes  
11 Correctional Institute, that was not available to you as  
12 of June 3, 1994?

13           A     No, it was not.

14           Q     There's been a lot of discussion about your  
15 reference to Gulf's typical peak at 5 p.m. Can you  
16 explain what you mean by typically?

17           A     If you look at data during the months of June,  
18 July and August over time, and we filed interrogatory  
19 response which has been entered into evidence for four  
20 years, '90, '91, '92, '93. If you look even further back  
21 beyond that, you'll find there's a greater preponderances  
22 of summer peaks during June, July and August in the hour  
23 ending 5 p.m., and that's the basis of my -- typically  
24 peaks at the hour ending 5 p.m.

25           Q     Have you prepared any comparisons of when Gulf's



1 peak hour occurs to that of the Crystal Lake substation's  
2 peak hour for the years '90, '91, '92 and '93?

3 A Yes, I have compared those numbers supplied by  
4 Gulf Coast and Gulf in response to interrogatories.

5 Q Have you compiled that comparison into a chart?

6 A Yes.

7 MR. STONE: At this time, Commissioners, I would  
8 like to distribute the compilation that Mr. Pope has  
9 prepared.

10 Mr. Chairman, if we could have this marked as an  
11 exhibit.

12 CHAIRMAN DEASON: Yes, it will be identified as  
13 Exhibit No. 31.

14 (Exhibit No. 31 marked for identification.)

15 MR. STONE: Mr. Chairman, my notes have a gap.  
16 I don't recall what Exhibit 30 was.

17 CHAIRMAN DEASON: Staff's First POD, Item 3.

18 MR. STONE: Thank you, sir.

19 Q (By Mr. Stone) Mr. Pope, could you describe what  
20 has now been identified as Exhibit 31?

21 A Yes, this is called a "Comparison of When  
22 Companies Peak," but it's nothing more than a compilation  
23 of the months January, February, June, July, August and  
24 December for the years 1990 through 1993, which attached  
25 to it is the source data which is the Staff's

1 interrogatory request to Gulf Coast and Gulf Power.

2 Q And your reason for selecting the months of  
3 January, February, June, July, August and December?

4 A December, January and February are winter  
5 months, June, July and August are typically summer  
6 months. And I did this just to basically get the shoulder  
7 months out of there so it would be quick to compare.

8 MR. STONE: I have no further questions.

9 CHAIRMAN DEASON: Exhibits?

10 MR. STONE: Commissioners, I would move Exhibit  
11 27, 28 and 31 into evidence.

12 CHAIRMAN DEASON: Without objection.

13 MR. FLOYD: I have an objection, Mr. Chairman.

14 This Item No. 27 that's attempted by them to be  
15 inserted here, if you look at it, the -- it's a response  
16 to request for production of documents and asks for "All  
17 documentation of the 5 year plans of Gulf Power or any  
18 Gulf Power plans which include any work on or replacement  
19 of lines from Vernon substation to Sunny Hills substation  
20 for each year from 1987 to present." And they attach some  
21 documents to it.

22 Now Mr. Pope never testified on direct,  
23 rebuttal, cross examination or anything regarding this  
24 information, doesn't relate to his testimony. And what  
25 they're trying to do here is sneak this in after they've

1 already passed by it and I don't think it's proper with  
2 respect to this witness.

3 CHAIRMAN DEASON: Mr. Stone? Objection has been  
4 raised as far as Exhibit 27 is concerned.

5 MR. STONE: Mr. Chairman, I will try and pursue  
6 Exhibit 27 with Mr. Weintritt. But I do submit that  
7 Exhibit 27 is responsive to and rebuttal to new evidence  
8 that has been produced by Mr. Gordon through his Exhibit  
9 10 that was produced yesterday for the first time and was  
10 not prefiled. This is discovery material that relates and  
11 clearly contradicts that evidence and we believe it should  
12 be considered by the Commission in response to that  
13 exhibit.

14 MR. FLOYD: Mr. Chairman, one more point on  
15 that, if you please. The information I keep hearing about  
16 that with respect to Mr. Gordon, his information was all  
17 taken from the answers to the Staff -- to answers to the  
18 interrogatories. This clearly is not. This is new  
19 information that's not obtained from anything else in the  
20 record. I think that distinction needs to be remembered.

21 MR. STONE: Mr. Chairman, this is an answer to  
22 an interrogatory.

23 CHAIRMAN DEASON: I realize that. My concern is  
24 that this was -- this is -- even though it's an answer to  
25 an interrogatory, that's all it is. It's discovery. It

1 was not incorporated into the prefiled testimony. It was  
2 not covered on cross examination, and therefore it cannot  
3 be covered on redirect, and I think that it is -- it's  
4 something that is not covered by the witness's testimony  
5 and therefore I am going to sustain the objection and not  
6 allow Exhibit 27 to be admitted.

7 I take it there's no objection to Exhibit 28 or  
8 29? I'm sorry, which other exhibits did you move,  
9 Mr. Stone?

10 MR. STONE: 28 and 31.

11 CHAIRMAN DEASON: Exhibits 28 and 31 will be  
12 admitted.

13 (Exhibit Nos. 28 and 31 received into evidence.)

14 CHAIRMAN DEASON: Other exhibits?

15 (No response)

16 CHAIRMAN DEASON: Thank you, Mr. Pope.

17 WITNESS POPE: Thank you, Commissioner.

18 (Witness Pope excused.)

19 \* \* \*

20 MS. BROWN: Mr. Chairman, if I might just ask  
21 Gulf Coast a question about the response to Gulf Coast's  
22 Third Set of Interrogatories, Item No. 2, that they passed  
23 out. We are kind of losing track. Did they not want to  
24 mark that as an exhibit or is it -- I'm not sure whether  
25 it is or is not an exhibit.

1 CHAIRMAN DEASON: It has not been identified.

2 MR. FLOYD: We were using it for information  
3 purposes.

4 MR. HASWELL: Information for the witness.

5 MS. BROWN: Okay, thank you.

6 CHAIRMAN DEASON: Ms. Liles.

7 MS. LILES: Thank you, Mr. Chairman. Gulf Power  
8 calls Mr. M. W. Howell to testify on behalf of the  
9 Company.

10 M. W. HOWELL

11 was called as a witness on behalf of Gulf Power Company,  
12 and having been duly sworn, testified as follows:

13 DIRECT EXAMINATION

14 BY MS. LILES:

15 Q Mr. Howell, would you please state your name and  
16 address for the record?

17 A My name is M. W. Howell, address 500 Bayfront  
18 Parkway, Pensacola, Florida 32501.

19 Q Are you the same M. W. Howell that has  
20 previously filed rebuttal testimony in this docket  
21 consisting of nine pages?

22 A Yes.

23 Q Do you have any corrections or changes to make  
24 to your testimony at this time?

25 A No.

1           Q     If you were to read your testimony today, would  
2 you change -- excuse me, if I were to ask you the  
3 questions in your testimony today, would your answers be  
4 the same?

5           A     Yes.

6           MS. LILES: We ask that Mr. Howell's testimony  
7 be introduced into the record as though read.

8           CHAIRMAN DEASON: Without objection it will be  
9 so inserted.

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GULF POWER COMPANY

1  
2  
3  
4 Before the Florida Public Service Commission  
5 Rebuttal Testimony of  
6 M. W. Howell  
7 Docket No. 930885-EU  
8 Date of Filing: June 3, 1994  
9  
10  
11  
12

13 Q. Please state your name, business address and occupation.

14 A. My name is M. W. Howell, and my business address is 500  
15 Bayfront Parkway, Pensacola, Florida 32501. I am  
16 Manager of Transmission and System Control for Gulf  
17 Power Company.

18

19 Q. Have you previously testified before this Commission?

20 A. Yes. I have testified in various rate case,  
21 cogeneration, territorial dispute, planning hearing,  
22 fuel clause adjustment, and purchased power capacity  
23 cost recovery dockets.

24

25 Q. Please summarize your educational and professional  
26 background.

27 A. I graduated from the University of Florida in 1966 with  
28 a Bachelor of Science Degree in Electrical Engineering.  
29 I received my Masters Degree in Electrical Engineering  
30 from the University of Florida in 1967, and then joined  
31 Gulf Power Company as a Distribution Engineer. I have

1       since served as Relay Engineer, Manager of Transmission,  
2       Manager of System Planning, Manager of Fuel and System  
3       Planning, and Manager of Transmission and System  
4       Control. My experience with the Company has included  
5       all areas of distribution operation, maintenance, and  
6       construction; transmission operation, maintenance, and  
7       construction; relaying and protection of the generation,  
8       transmission, and distribution systems; planning the  
9       generation, transmission, and distribution system  
10      additions in the future; bulk power interchange  
11      administration; overall management of fuel planning and  
12      procurement; and operation of the system dispatch  
13      center.

14               I have served as a member of the Engineering  
15      Committee and the Operating Committee of the  
16      Southeastern Electric Reliability Council, chairman of  
17      the Generation Subcommittee and member of the Edison  
18      Electric Institute System Planning Committee, and  
19      chairman or member of a number of various technical  
20      committees and task forces within the Southern electric  
21      system and the Florida Electric Power Coordinating  
22      Group, regarding a variety of technical issues including  
23      system operations, bulk power contracts, generation  
24      expansion, transmission expansion, transmission  
25      interconnection requirements, central dispatch,



1 transmission system operation, transient stability,  
2 underfrequency operation, generator underfrequency  
3 protection, system production costing, computer  
4 modeling, and others.

5

6 Q. What is the purpose of your testimony in this docket?

7 A. My purpose is to rebut portions of the testimony of Mr.  
8 Jeff Parish of Alabama Electric Cooperative ("AEC"),  
9 testifying on behalf of Gulf Coast Electric Cooperative,  
10 Inc. ("the Coop"), relating to the Intercompany  
11 Interchange Contract ("IIC") and its impact in this  
12 dispute.

13

14 Q. Overall, how would you characterize Mr. Parish's  
15 testimony?

16 A. First, let me say that I consider Jeff to be a friend of  
17 mine. He used to work for Gulf Power Company ("Gulf  
18 Power"), and I have always enjoyed our professional  
19 relationship. Nevertheless, his testimony is little  
20 more than a veiled attempt to mask the basic problem -  
21 the Coop's rates are considerably higher than Gulf  
22 Power's.

23 If the correctional facility takes service from the  
24 Coop, the Department of Corrections will pay  
25 considerably higher electric bills than if it takes

1 service from Gulf Power. Gulf Power Witness William C.  
2 Weintritt has testified that the bill will, in fact, be  
3 21% higher from the Coop than from Gulf Power.

4

5 Q. Could you elaborate?

6 A. Yes. Mr. Parish's testimony suggests that Gulf Power's  
7 IIC capacity transactions should be compared to the  
8 Coop's cost of capacity purchases from AEC to determine  
9 the impact on the customer. On Page 9, Lines 16-21, he  
10 makes this comparison. He then goes on to discuss the  
11 sources of energy for Gulf Power and AEC without ever  
12 comparing the relative energy costs. This leaves the  
13 silent but implied impression that energy cost is not a  
14 factor. Yet, the Coop's own witness, Mr. Archie Gordon,  
15 offers in his testimony that the energy cost to the  
16 customer will be 35% higher if purchased through AEC as  
17 compared to Gulf Power. This demonstrates that,  
18 relative to Mr. Parish's testimony, the only relevant  
19 issue for the Commission to consider is what the  
20 customer has to pay.

21

22 Q. Will either Gulf Power or AEC have to add generation  
23 capacity to serve this load?

24 A. Certainly not. The load is just too small to  
25 immediately cause a need for new capacity on either

1 system.

2 But one cannot ignore the fact that all load  
3 requires generation. There is always a generation cost  
4 to serve load. Mr. Parish and I are in agreement on  
5 that point. However, it is not appropriate to compare  
6 an IIC capacity component impact with demand charges  
7 from AEC.

8

9 Q. Why is this so?

10 A. The purpose of the IIC is, primarily, to allow all the  
11 operating companies of the Southern electric system to  
12 be able to participate in pool operation and realize all  
13 the many benefits to their customers which accrue to all  
14 participants. The capacity equalization is only for the  
15 purpose of handling temporary surpluses and deficits  
16 that will arise as a result of our pooling system. It  
17 is never appropriate to use these as a proxy for our  
18 overall generation costs. For pricing capacity to our  
19 customers, we utilize average generation costs, not  
20 temporary IIC capacity equalization impacts. A proper  
21 review of the IIC would include all its benefits.

22

23 Q. What are these benefits?

24 A. They include the following:

25 1. Economic dispatch production cost savings.

- 1           2. Economic sharing of generating reserve
- 2            capacity.
- 3           3. Ability to install large, efficient generating
- 4            units.
- 5           4. Reduced requirements for operating reserves.
- 6           5. Pool market for temporary surpluses of
- 7            capacity and energy on Gulf Power's system.
- 8           6. Ready supply of energy for purchase when Gulf
- 9            Power is short.
- 10          7. Long-term power sale revenues.
- 11          8. Unit power sale benefits.
- 12          9. Peak-hour load diversity.
- 13          10. Economy energy transaction benefits.

14            These many benefits have long been recognized and  
15            noted by the Commission in prior proceedings. At least  
16            partially as a result of the benefits our customers  
17            receive, Gulf Power's rates are the lowest of any  
18            investor-owned utility in the state, and significantly  
19            lower than the Coop. For Mr. Parish to focus on the  
20            capacity equalization only, and ignore other benefits,  
21            is completely inappropriate.

22

23   Q. Are there other problems with Mr. Parish's comparison?

24   A. Yes. The IIC assumes that all companies' loads are  
25       growing, and that all companies will need to add

1 generation over time. In fact, if all companies grow at  
2 the same relative rate, IIC payments do not change, even  
3 though loads are growing.

4

5 Q. If this were a large load, enough to cause Gulf Power or  
6 AEC to consider a change in its generation expansion,  
7 would it be appropriate to look at IIC transactions?

8 A. No. In fact, a large number of small loads such as this  
9 prison would eventually constitute a "large" load. A  
10 way to compare the two companies might then be to look  
11 at what their avoided generation costs are. Gulf  
12 Power's avoided capacity would be a combustion turbine  
13 (CT), the least cost capacity addition. Unless AEC's  
14 avoided unit were also a CT, then its avoided costs  
15 would likewise be higher than Gulf Power's.

16

17 Q. Mr. Parish states that the IIC is complicated. Is this  
18 true?

19 A. Yes. Although certainly not intended by design to be  
20 complicated, a calculation which tries to capture all  
21 the component costs of generating capacity sharing among  
22 pool members will wind up being complicated regardless  
23 of the specifics of the agreement. Our IIC is subject  
24 to the jurisdiction of and approved by the Federal  
25 Energy Regulatory Commission.

1           We have made several presentations to the FPSC  
2           staff on the contract to ensure a better understanding  
3           of the IIC's effect on Gulf Power and its retail  
4           customers. I'm not sure to what degree Mr. Parish  
5           understands the details, but he has certainly misapplied  
6           the overall concept in an attempt to mask the fact that  
7           the Coop's rates are significantly higher than ours.

8

9   Q. Mr. Parish stated that he approximated the revisions to  
10   the IIC to estimate pool transactions for the prison  
11   load. Was his approximation correct?

12   A. Since he didn't furnish it to us, I have no idea how  
13   many technical errors are in his calculations. What is  
14   interesting is that his analysis yielded a \$29,251 cost  
15   after three years. The entire utility industry is now  
16   in a period of unprecedented change. The IIC has been,  
17   and will continue to be, a dynamic document responding  
18   to changes in the industry, and we should expect  
19   significant changes in those three years. By that time,  
20   the entire calculation mechanism may have changed, as  
21   well as all the data.

22           What he carefully avoided saying was that for the  
23   first year, the IIC cost will be \$0. Now I maintain  
24   that if it were appropriate to consider IIC payments  
25   (which it is not), then Gulf Power would have a

1           tremendous first year cost advantage which the Coop  
2           would find difficult, even impossible, to overcome.

3

4   Q.   Does this complete your testimony?

5   A.   Yes.

6

7

8

1 Q (By Ms. Liles) Mr. Howell, would you please  
2 summarize your testimony?

3 A Yes. Good afternoon, Commissioners. As I  
4 stated in my testimony, I consider Jeff Parish to be a  
5 friend of mine. And my friend is in a tough position of  
6 having to support the Co-op's claim on this customer using  
7 cost as an issue. However, Gulf Power's rates are simply  
8 much lower than those of the Co-op. So Mr. Parish has  
9 done all he could. He threw in the Southern Company's  
10 intercompany interchange contract, also called many times  
11 so far the IIC, as a smoke screen.

12 If the correctional facility takes service from  
13 the Co-op, then the Department of Corrections will pay  
14 considerably higher electric bills than if it takes  
15 service from Gulf Power. Our witness, Mr. Weintritt, has  
16 included in his exhibit calculations that show the Co-op's  
17 rates are 21% higher.

18 Q Does that conclude your summary?

19 CHAIRMAN DEASON: I'm sorry?

20 MS. LILES: I apologize. I thought the witness  
21 was finished, but he's pausing while you complete your  
22 discussions.

23 MR. FLOYD: Mr. Howell --

24 WITNESS HOWELL: I was going to let them finish  
25 before I continue. Mr. Parish suggests that Gulf Power's



1 IIC capacity transactions should be compared to the  
2 Co-op's cost of capacity from AEC to determine the cost  
3 impact on the customer. Commissioners, this is misleading  
4 and incorrect in five ways:

5           First of all, I think all of us realize the cost  
6 to the customer is simply the cost to the customer, and  
7 it's 21% higher from the Co-op.

8           Second, Mr. Pope has just exposed that  
9 Mr. Parish's diversity assumption was wrong. Mr. Parish  
10 acknowledged that he made the assumption based on his  
11 opinion and he didn't have any actual data. He also  
12 admitted that if his estimate were wrong, then his  
13 estimate of capacity cost through the IIC would also be  
14 wrong. And we've discussed at length here today how his  
15 assumptions were wrong.

16           Third, Mr. Parish's testimony discusses sources  
17 of energy to AEC, but he never compared the cost, and then  
18 left the silent but implied suggestion that energy cost is  
19 about the same from both the Co-op and Gulf Power. Both  
20 the Co-op's own witness, Mr. Archie Gordon, offered in his  
21 testimony the energy cost to the customer will be 35%  
22 higher if purchased through AEC as opposed to purchasing  
23 from Gulf Power.

24           Fourth, the IIC should not even be introduced  
25 into this docket. I shouldn't even be here. Neither Gulf

1 Power nor AEC will have to add generating capacity to  
2 serve this load. If we look at the avoided generation  
3 cost it will be for both parties, both parties have either  
4 a combustion turbine or a power purchase from the same  
5 power market as their incremental cost. Mr. Parish, in  
6 focusing attention on the IIC and off overall customers  
7 costs, has ignored the many benefits all our customers  
8 save from our full participation. In my testimony I  
9 listed ten such benefits that Mr. Parish acknowledged here  
10 today would be beneficial to our customers. All of these  
11 reduce our customers' costs. For him to then ignore all  
12 these benefits and make an incorrect calculation on just  
13 one aspect of our pooling arrangement is truly nothing  
14 more than a smoke screen.

15           And the fifth thing Mr. Parish has distorted the  
16 facts about the IIC. And this is the clincher, if ever  
17 there were one. If his calculations of the payments were  
18 correct, which they are not, and if it were reasonable to  
19 calculate payments and ignore the other elements of our  
20 pooling, which it is not, then his omission in his  
21 calculations of the IIC phase-in would seal the doom of  
22 his argument and his numbers. During the first year of  
23 taking service from Gulf Power, the IIC capacity cost  
24 would be zero, a cheap cost for power in anybody's  
25 market. During the second year the cost would be less

1 than one third of what Mr. Parish calculated, even before  
2 adjusting for the errors which Mr. Pope talked about.  
3 During the third year it would be less than two-thirds.

4           Commissioners, I submit to you that this  
5 whopping advantage to Gulf Power could never be overcome.  
6 We ask that you consider the facts, consider what is  
7 reasonable and find that inclusion of the IIC is  
8 completely inappropriate in this docket. Thank you.

9           MS. LILES: We tender the witnesses for cross.

10           CHAIRMAN DEASON: Mr. Floyd?

11                           CROSS EXAMINATION

12 BY MR. FLOYD:

13           Q     Mr. Howell, are you sure that you're  
14 Mr. Parish's friend?

15           A     Yes, I am, and I wanted to make sure I said that  
16 up front. Jeff and I consider ourselves friends, and as  
17 friends often do, we tell each other when we think they've  
18 done wrong, and I feel he's made some errors in here and I  
19 told him ahead of time I was going to do it, not to worry  
20 about our friendship, which I think will continue.

21           Q     And he told you before at his deposition that he  
22 felt you had done some calculations wrong; correct?

23           A     Before my deposition?

24           Q     No, at your deposition.

25           A     Was he at my deposition?

1 Q I don't know, was he?

2 A Why don't you ask him? I don't believe he was  
3 at my deposition.

4 Q Has he ever in the course of these proceedings  
5 differed with you in terms of what your calculations are  
6 or your opinion is?

7 A In the course of these proceedings; you're  
8 talking about this docket right here?

9 Q Yes, sir.

10 A Not that I recall, but I'm not saying he  
11 hasn't. Jeff and I kid each other a lot, as well as be  
12 very candid, and I'm not aware of anything he said that he  
13 thinks I calculated wrong.

14 Q Mr. Howell, Southern Company owns Gulf Power,  
15 owns all the common stock of Gulf Power, correct?

16 A Yes.

17 Q And Alabama Power Company is a part of Southern  
18 Company?

19 A They're a part of what we call the Southern  
20 Electric System. The Southern Company also owns all of  
21 their common stock.

22 Q Now, with respect to your direct testimony --  
23 excuse me, your rebuttal testimony, let me refer you to  
24 Page 7, Lines 1 through 3. You say at that particular  
25 point, do you not, "In fact, if all companies grow at the

1 same relative rate, IIC payments do not change, even  
2 though loads are growing," correct?

3 A Yes. And that was my point in there, not to  
4 take it out of context, is that all the companies are  
5 adding load: Alabama is adding load; Georgia is adding  
6 load; Mississippi is adding load. We expect that. And  
7 the future of the interchange contract is the expectation  
8 that all companies will continue to add load, continue to  
9 add generation to serve that load. And the IIC payments  
10 are not to be thought of as a proxy for picking up a  
11 customer, but rather as one aspect of our pooling to take  
12 care of reserve differences that might occur from time to  
13 time.

14 Q Mr. Howell, wouldn't the purchase changes do --  
15 excuse me, would not purchase changes due to other  
16 factors, such as new generation capacity added by the  
17 companies?

18 A Is that a question?

19 Q Yes, sir.

20 A Restate the question, please.

21 Q Would not the purchases -- wouldn't the purchase  
22 changes -- wouldn't the purchases change due to other  
23 factors, such as in the pooling agreement there and  
24 payments, wouldn't those purchases change due to other  
25 factors such as new generating capacity added by the

1 companies?

2           A     Absolutely, and that's what I said earlier.  
3 That's the whole purpose of the capacity equalization, is  
4 to take into account the fact that our reserves are not  
5 always going to be the same all the time, and it's a  
6 temporary mechanism, and certainly when you add  
7 generation, it's going to change your transactions.

8           Q     And you would agree with the fact that actually  
9 Gulf Power can't grow at the same rate with and without  
10 this load, can it?

11          A     Can't grow at the same rate with and without  
12 this load?

13          Q     Right, it's going to make some difference; isn't  
14 it?

15          A     Are you saying if nothing else changes and we  
16 don't get the load in one scenario and then everything is  
17 the same and we do get the load in the other scenario,  
18 that is there a change in the growth?

19          Q     Yes, sir.

20          A     It would be the change by that 300 plus  
21 kilowatts.

22          Q     You suggest in your testimony that if a load  
23 were large enough to require extra generating capacity,  
24 then it would be for Gulf Power a combustion turbine; is  
25 that correct?

1 A Where in my testimony are you referring?

2 Q Well, let me just ask you, with respect to  
3 that -- or here it is. Page 7, Lines 11 through 15. Gulf  
4 Power's avoided capacity would be a combustion turbine,  
5 the least-cost capacity addition?

6 A You talked about adding loads big enough to add  
7 a CT, and I didn't say anything about loads, so I'm not  
8 sure what you --

9 Q Let me go back and ask you then. Page 7?

10 A Sure.

11 Q Lines 5 through 15, let me ask you if I gave you  
12 this question and you answered this way: If this load  
13 were a large load -- that you were asked this question in  
14 rebuttal and you gave this answer: "If this were a large  
15 load, enough to cause Gulf Power or AEC to consider a  
16 change in its generation expansion, would it be  
17 appropriate to look at IIC transactions?"

18 Answer: "No. In fact, a large number of small  
19 loads such as this prison would eventually constitute a  
20 'large' load. A way to compare the two companies might  
21 be to look at what their avoided generation costs are."  
22 That's what was said, right?

23 A That's my testimony, yes.

24 Q And what we're saying is if the load -- for  
25 example, if the load for this correctional facility was

1 large enough, hypothetically, to require extra generated  
2 capacity, then it would be a combustion turbine for Gulf  
3 Power, correct?

4 A Yes.

5 Q Wouldn't Gulf Power then have the pool  
6 equalization cost and a corresponding CT cost?

7 A No.

8 Q Let me have you look at --

9 A Why would we add capacity and then buy capacity  
10 from the pool? You see, if we get enough load to just --  
11 let's say we get, heaven forbid, a 160-megawatt prison  
12 somewhere, okay? And we add 160-megawatt CT, then there  
13 should be no change to capacity payments.

14 Q Mr. Howell, let me ask you to look at Page 8,  
15 Lines 22 through 25, and Page 9, Lines 1 through 2. And  
16 in that area you reference that the II costs for the first  
17 year would be zero?

18 A It says "IIC costs," which, again, is the  
19 intercompany interchange contract costs, yes.

20 Q Would be zero for the first year?

21 A Yes.

22 Q Now --

23 A And that's what I've said all along that we've  
24 stressed here is it's not appropriate to even talk about  
25 the interchange contract, but if you do, let's at least



1 recognize that first year cost is zero.

2 Q What about the second year?

3 A It would be one third of what the ultimate cost  
4 would be.

5 Q And the third year?

6 A Two-thirds.

7 Q And the fourth year?

8 A You would finally start billing the customer or  
9 we would have to start paying in IIC payments of what the  
10 effect of the full load is.

11 Q Now, let me ask you this. Say, if after ten  
12 years the prison were closed; isn't it correct that this  
13 same mechanism would -- in the pool calculations, would  
14 cause Gulf Power to incur pool costs for three years after  
15 the time that the prison had been closed?

16 A I'm going to answer that as yes and characterize  
17 it as another smoke screen for this reason. First of all,  
18 I think it's unrealistic to assume that a prison is going  
19 to close after ten years with what we see happening. And  
20 the other thing is if you look at the time value of money,  
21 it's unreasonable to look at dollars today as opposed to  
22 dollars in the future. And we got into that in the  
23 \$45,000 issue. So I will answer your question yes, but  
24 with the qualification.

25 Q Well, Mr. Howell, then, actually, though, this

1 zero the first year is not an accurate picture either  
2 since it's really paid over the next three years; isn't  
3 it, and then there's a tail on the end whenever the charge  
4 or the use of the power stops; you're still getting  
5 charged for it?

6 A Well, I'll go back --

7 Q It's just a delay; isn't it?

8 A I'll say yes again, and I think you've asked the  
9 same question, so I want to emphasize the answer again.  
10 First of all, it's unrealistic, I think, to assume that  
11 the load would go away. We really don't see our load  
12 decreasing over time. The Company's load is still  
13 growing. So what you've characterized as an if, I think,  
14 is not a practical, reasonable expectation.

15 And the other thing as far as paying for it, I  
16 would very much like to get dollars today and then not  
17 have to pay them back for ten or 14 years. I think that  
18 would be great if we could do that. Now what you've  
19 characterized is that's what happened. That is not the  
20 intent of the interchange contract to do that, though.

21 Q Mr. Howell, the way you see it, then, the only  
22 problem in this whole -- for the Commission and everybody  
23 to solve here is the difference in rates to consumers,  
24 correct?

25 A I'm sorry, I didn't understand the question.

1 Q The way you see it, the only problem here  
2 between Gulf Coast and Gulf Power is the difference in the  
3 rates to the consumers?

4 A Are we saying -- when we say "here," you're  
5 talking about here what my testimony is about or here what  
6 this docket is about?

7 Q I'm asking you if that is your position.

8 A Okay. Well, I'll answer both questions because  
9 I don't think you answered mine. My testimony was related  
10 to rebutting Mr. Parish's assertions regarding the  
11 interchange contract. And what I was saying,  
12 Commissioners, was that that was a smoke screen. He was  
13 addressing the cost. And the cost to the customer is the  
14 cost to the customer. We've talked about the fact in this  
15 docket, and I certainly support the Company's position in  
16 this, that in addition to costs, reliability is an issue,  
17 facilities that have to be constructed, out-of-pocket  
18 facilities, those are also an issue. So I'm not at all  
19 saying that my personal position is cost only. Is that  
20 responsive to the question?

21 Q Yes, sir, it is, but it conflicts with your  
22 other -- your deposition testimony. Let me ask you to  
23 refer to Page 26, Lines 8 through 17 of --

24 A I don't have that. Could I get someone to get  
25 me a copy? (Pause)

1 Q Page 26, Lines 8 through 17. Let me -- what I'm  
2 asking you is --

3 A I'm sorry, Page 24, lines what?

4 Q Page 26, Lines 8 through 17. Were you asked  
5 this question and did you give this answer:

6 QUESTION: "In your testimony on Page 3, Lines  
7 19 to 22, you characterize Mr. Parish's testimony as a  
8 failed attempt to mask the basic problem. Do you  
9 understand -- is it your understanding that is the  
10 problem, the only problem that Gulf Power perceives in  
11 this dispute is that the Co-op's rates are higher than  
12 Gulf Power's?"

13 ANSWER: "The way I see it, that's the problem --  
14 I mean, I don't know what the company's position is, but  
15 that's what I see is the problem, that the Co-op has --  
16 their rates are higher than ours." Was that the answer  
17 that you gave?

18 A Yes, that's the answer I gave. And at the  
19 deposition that's the only thing I was addressing. I was  
20 not involved in any of this other stuff, but I've sat out  
21 here today and gone through all this, and it's very clear  
22 that reliability, as well as cost of facilities is the  
23 issue. Like I said, I shouldn't even be here.

24 Q Okay, Mr. Howell, you also mentioned in your  
25 deposition that Gulf Power's rates, projected rates, for

1 this correctional facility were 21% lower than that of  
2 Gulf Coast. I want to show you --

3 A That's not what I testified.

4 Q What did you say?

5 A That their rates were 21% higher than ours, not  
6 that ours were 21% lower than theirs.

7 Q Wouldn't that be the same thing?

8 A Let's take the numbers 4 and 5, Commissioners.  
9 If you have 5 over 4, that's 125%, if you have 4 over 5,  
10 that's 80%, so 25% greater but 80 percent less, and that's  
11 all I'm saying.

12 Q What I'm saying is that you testified that Gulf  
13 Power -- Gulf Coast would be higher, 21% higher, than Gulf  
14 Coast, right?

15 A Yes, sir, I addressed Mr. Weintritt's exhibit in  
16 Mr. Weintritt's testimony is what I was referring to.

17 Q Okay, all right. Let me show you Exhibit No. 7  
18 that has been marked for identification here and ask you  
19 in comparing the monthly bill of Gulf Coast with that of  
20 Gulf Power, whose is higher? This was prepared by Staff.  
21 Gulf Coast or Gulf Power?

22 (Pause)

23 MR. CRESSE: Mr. Chairman, could we get a  
24 clarification on that question? Is that with or without  
25 the phantom patronage capital that's on that exhibit?

1           MR. FLOYD: I'm asking him in the block area  
2 what the figures show as to who has the higher power  
3 source.

4           WITNESS HOWELL: Let me make it clear that  
5 unless my counsel instructs me to, I'm not sponsoring this  
6 exhibit. I've never seen it and I'm sure not going to  
7 read something into the record that I don't know anything  
8 about, okay, unless he instructs me to read it. I had the  
9 chance to review Mr. Weintritt's and I felt comfortable  
10 with that.

11           Q     (By Mr. Floyd) You were very quick with your  
12 calculations a while ago and I just wanted to ask you this  
13 one.

14           A     I got it off Mr. Weintritt's exhibit, I said.

15           Q     I just wanted to ask you which one of these, as  
16 shown in this Exhibit No. 7, which one is higher?

17           MS. LILES: Mr. Howell, as your attorney, I  
18 advise you that that's already been entered into the  
19 record, and you may certainly read it, for whatever it's  
20 worth.

21           CHAIRMAN DEASON: Hold on. This exhibit is not  
22 in the record.

23           MS. LILES: Exhibit 7 is not in the record?  
24 That's right. We're going to confer over the accuracy of  
25 those rates. It's already been offered for introduction

1 into the record. Nonetheless, I think the relevant  
2 numbers have been certainly identified in the record and  
3 you're free to read them for whatever they're worth.

4 WITNESS HOWELL: Do I get a chance to just look  
5 at this before I -- I don't want to read, "Judas went out  
6 and hanged himself, go and do thou likewise." Can I look  
7 at the first page? (Pause)

8 Well, according to this, Gulf Coast's monthly  
9 bill is less than Gulf's monthly bill by, what, 3%? Is  
10 that what you wanted me to read?

11 MR. FLOYD: Yes, sir. I don't have any further  
12 questions. Thank you.

13 WITNESS HOWELL: I wasn't through with my answer  
14 now. I'm not -- again, I'm not sure where that came  
15 from. I think Mr. Gordon in redoing his estimate of the  
16 rates also said under the optimistic scenario that Gulf  
17 Coast rates were still 4.5% higher, and that's the only  
18 point there is their rates are higher. That ends my  
19 answer.

20 Q (By Mr. Floyd) this doesn't show any 21%  
21 difference in favor of Gulf Power, though, does it,  
22 Mr. Howell?

23 A No, but the other one does.

24 MR. FLOYD: I don't have any further questions.  
25 Thank you.

1 CHAIRMAN DEASON: Ms. Brown.

2 CROSS EXAMINATION

3 BY MS. BROWN:

4 Q Just one question, sir. On Page 13 of your  
5 deposition, do you have that there?

6 A Page what?

7 Q 13.

8 A 13. Okay.

9 Q There was a discussion about -- actually I think  
10 the discussion starts on Page 12, Line 23, you were asked  
11 if there would be an incremental capacity cost to Gulf  
12 Power for providing service to the prison site. Remember  
13 that?

14 A Yes.

15 Q You answered that not -- you wouldn't -- there  
16 would not be any cost in the first year, but you thought  
17 there would be some in the second year, but you didn't  
18 know what they were at the time.

19 Do you know what the costs would be to Gulf  
20 Power, the incremental costs for generation capacity, to  
21 serve the prison in the second year?

22 A No, no, the first year was easy because it was  
23 zero no matter what the assumptions, so that's why I could  
24 give that. To give you all a ball park figure, if you  
25 take the number that Mr. Parish calculated and you drop it



1 down to about two-thirds of its value and if you assume  
2 the rest of his calculations are correct and then take one  
3 third of that number, it might be \$6,000, somewhere in  
4 that ball park, but I have not attempted to calculate  
5 that.

6 Q That's what I would like you to do, sir. I  
7 would like to ask you for a late-filed exhibit. I would  
8 like you to make the calculations for the incremental  
9 costs for Gulf to serve the prison in the first year, the  
10 second year, the third year and the fourth year, which is  
11 when I understand those costs would be fully phased in.

12 A Okay.

13 CHAIRMAN DEASON: That would be identified as  
14 Late-filed Exhibit No. 32.

15 (Late-filed Exhibit No. 32 identified.)

16 CHAIRMAN DEASON: Could I have a short title?

17 MS. LILES: Excuse me, Ms. Brown, could you  
18 clarify what you mean by the increase in peak demand on a  
19 monthly basis so we know exactly what you--

20 MS. BROWN: I don't think I said anything about  
21 increase in peak demand on a monthly basis.

22 WITNESS HOWELL: I wrote down incremental  
23 capacity costs for Gulf to serve the prison load for the  
24 first four years.

25 MS. BROWN: That's what I want.

1           MR. CRESSE: Do you want us to include in that  
2 response our assumption on what it would do to our  
3 increase in peak?

4           MS. BROWN: My Staff person informs me that we  
5 want to know what you all think the costs are, your  
6 assumptions.

7           WITNESS HOWELL: Our assumptions, okay, fine.

8           MS. BROWN: Your assumptions, yes. We have no  
9 further questions.

10          CHAIRMAN DEASON: Redirect?

11                           REDIRECT EXAMINATION

12 BY MS. LILES:

13           Q       Mr. Howell, you were asked to refer to what's  
14 been marked for identification and not yet admitted as  
15 Exhibit No. 7 which reflects a monthly customer bill  
16 estimate. Do you still have that in front of you?

17           A       No, I think it was retrieved.

18           Q       Let's see if we can provide you a copy while I  
19 still have one to look at. If you'll bear with me just  
20 one moment.

21           A       Sure. I have one now.

22           Q       And I believe you were asked to read a  
23 comparison of monthly bills. Would you refer to that  
24 again, please, on that page?

25           A       Well, what I was asked to read was what is in

1 the rectangle, the double line, double thin line rectangle  
2 at the top as the Gulf Coast monthly bill and the Gulf  
3 Power monthly bill. And, again, it doesn't say on here  
4 what this is for. I assume it's the prison, but I don't  
5 know if it's an average month, if it's a typical month. I  
6 have no idea what it is. I read what I was instructed to  
7 read.

8 Q I understand that you did not sponsor this  
9 exhibit or perform these calculations.

10 A No, ma'am, that is correct.

11 Q Bearing that in mind, what is the amount  
12 reflected there for the Gulf Coast monthly bill?

13 A \$7,640.71.

14 Q And if you would go down to the calculation  
15 beneath that rectangular box that's highlighted as "Gulf  
16 Coast Monthly Customer Bill Estimate," where do you find  
17 that number?

18 A I find it at the bottom of that heading that  
19 says Gulf Coast Customer Bill Monthly Estimate. It  
20 looks -- and don't hold me to this because I just got  
21 this -- looks like they go through a customer charge,  
22 demand charge, an energy charge, C.O.P.S.A. charge, and  
23 then they apply a load factor. I'm not sure if they use  
24 it or not, and then they take out some discounts and then  
25 they take out a capital credit, and it's not specified

1 what this is.

2 Q Let's talk about the C.O.P.S.A. or C.O.P.S.A.  
3 that you just referenced. What is your understanding of  
4 what that charge is?

5 A Cost of power sold adjustment.

6 Q And that's reflected as a negative .0032 per  
7 kilowatt hour; is that correct?

8 A Yes.

9 Q I'm going to hand you what has been marked for  
10 identification and admitted into evidence as late-filed  
11 Exhibit No. 13. That document is entitled "Gulf Coast  
12 Electric Cooperative Cost of Power Sold Adjustment."

13 A Yes.

14 Q Which contains a monthly cost of power sold  
15 adjustment figure for the months November, 1993 through  
16 October, 1994.

17 A Yes, ma'am.

18 Q What is the lowest amount of the factor that's  
19 listed under the C.O.P.S.A. heading for that entire  
20 period?

21 A Looks like .0032 in October was the lowest.

22 Q And that's what's reflected on this estimate; am  
23 I correct?

24 A Yes.

25 Q What is the average listed on that late-filed

1 exhibit?

2 A The average is a positive .0006.

3 Q Do you think it would be reasonable to include  
4 the lowest figure on a C.O.P.S.A. as representative of the  
5 entire year, or would it be more reasonable to use the  
6 average?

7 A I think it would be unreasonable to use either  
8 one. What I would do if I were doing this is I would --  
9 it looks like this is an energy charge. I would apply the  
10 factors to the amount of energy you typically get in those  
11 months -- and it looks to me like June, July -- well, May,  
12 June and July have fairly high factors, and if you weight  
13 those properly you'll get a number substantially in excess  
14 of the average, and I think that's the more correct way to  
15 do it. I think what this is trying to reflect is the  
16 effect on the customer, and it doesn't seem to me to be  
17 appropriate to take the lowest number and apply that to  
18 all the kilowatt hours, or the average. If they apply  
19 this -- if they've got monthly factors, I assume they  
20 apply them monthly, so you should do it on kilowatt  
21 hours. That's the way I would do it, again not knowing  
22 anymore about this than I do, since I just got it.

23 Q I understand. Do you understand October to be  
24 an on peak or off peak month?

25 A It's an off peak. It's the month we're in right

1 now that I shouldn't even be here.

2 Q I would like to bring you down little bit  
3 further in that calculation. You were going through the  
4 various charges. There is a total bill amount of  
5 \$9,067.74 minus some discounts, then a subtotal and then a  
6 capital credit figure of \$755.67. Mr. Howell, were you  
7 here during Mr. Gordon's testimony yesterday?

8 A Portions of it.

9 Q What do you understand capital credits to  
10 constitute?

11 A I think he's talking about the elusive return of  
12 capital.

13 Q Do you understand the return of patronage  
14 capital to be a current benefit to the customer?

15 A I never understood if they ever got it back or  
16 not. I know they're paying it in now, and I didn't  
17 understand if they're getting it back or not. I don't  
18 know.

19 Q You don't know whether they'll get it back in  
20 the current year or not?

21 A I never heard him answer that they would get  
22 this back in the current year; that they might get part of  
23 it back 14 years down the road. But to apply a current  
24 day capital accrual to something they're going to get back  
25 14 years down the road is certainly another smoke screen.

1           Q     I think you were asked a little bit earlier  
2 about the capacity payments through the IIC, and you were  
3 asked about a time value of money. Would you assign a  
4 similar time value to the money that's identified as a  
5 capital credit on this exhibit?

6           A     Well, I would. I have no idea -- if the capital  
7 credit is that, yes, you ought to assign a capital credit  
8 -- you ought to assign a time value to it, and whatever  
9 we assume the range of reasonable discount factors are,  
10 and apply that to it. And if somebody puts a dollar in  
11 today and they get a dollar back 14 years from now, I  
12 don't know, what's it worth? Five or six cents, somewhere  
13 around there.

14          Q     I'm going to hand you a document I would like to  
15 have marked for identification. This document is entitled  
16 "Present Value of Current Period Assignment of Patronage  
17 Capital."

18          A     Right.

19          Q     This is a calculation of a present value of the  
20 patronage capital that's included as a capital credit on  
21 Exhibit 7, or the type of credit that's referenced on  
22 Exhibit 7.

23          A     Okay.

24                   MR. FLOYD: Mr. Chairman, I want to object on  
25 this. All he had said in his summary, he referred to

1 somebody else's reference to their being a 21% difference,  
2 and I asked him to refer to the amount that Staff had  
3 calculated on this No. 7 as the difference. I didn't go  
4 into any differences, any reasons or whatever, and he  
5 quoted one and I wanted him to show that there were other  
6 ones, not that we were going to go back through the entire  
7 set of information.

8 MS. BROWN: And Mr. Chairman, we were planning  
9 to have Mr. Weintritt sponsor Gulf's portion of this  
10 exhibit which is only meant to show what the current rates  
11 are, nothing else. But now this has all come up on  
12 redirect; we don't have an opportunity to establish that  
13 with this witness. Also we've never seen this. This is  
14 brand new. We are on redirect. If it's going to be  
15 admitted, we're going to object.

16 CHAIRMAN DEASON: Okay.

17 MS. LILES: Mr. Chairman, I appreciate  
18 Ms. Brown's comments. I do believe Mr. Floyd certainly  
19 opened the door on the rate comparison by asking the  
20 questions that he did. The other parties are certainly  
21 free to cross examine Mr. Weintritt concerning any aspects  
22 of the cost comparison, and we'll withdraw this exhibit at  
23 this time. We'll get to this later. Thank you. I have  
24 no other questions.

25 CHAIRMAN DEASON: It's not even been identified



1 yet. Do you wish to have it identified?

2 MS. LILES: Let's go ahead and identify it and  
3 we can refer back to it later.

4 CHAIRMAN DEASON: It will be identified as  
5 Exhibit No. 33.

6 MS. LILES: Thank you, and I have no additional  
7 questions.

8 (Exhibit No. 33 marked for identification.)

9 CHAIRMAN DEASON: I think the only exhibits we  
10 have is the one that you're not going to move at this  
11 point and a late-filed exhibit. Thank you, Mr. Howell.

12 (Witness Howell excused.)

13 \* \* \*

14 (Transcript continued in sequence in Volume 5.)  
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