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WILLIAM H. CHANDLER
1920-1992

September 22, 1997

Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2549 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Via Hand Delivery

RE: Clay Electric Cooperative, Inc.
and Florida Power & Light Company
Docket No. 970512-EU

Dear Ms. Bayo:

I am enclosing herewith the original and fifteen (15) copies of Clay Electric Cooperative Inc.'s Rebuttal Testimony of Herman Dyal and Stafford McCartney which I would appreciate your filing in this docket.

Very truly yours,


John H. Haswell

ACK _____
AFA _____
APP _____ JHH/lez
CAF _____ cc: Mark Logan, Esquire
CMU _____ Robert Elias
CTR _____ William C. Phillips
EAG Bar Henry Dyal
LEG 2 Henry Barrow
LIN 2 + orig
OPC _____
RCH _____
SEC 1
WAS _____
OTH _____

Dyal - 09618-97
McCartney - 09619-97

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Florida Power & Light)
Company to Resolve a Territorial Dispute with)
Clay Electric Cooperative in Baker County)

Docket No.: 970512-EU

Filed: September 22, 1997

**REBUTTAL TESTIMONY
OF STAFFORD McCARTNEY
ON BEHALF OF
CLAY ELECTRIC COOPERATIVE, INC.**

DOCUMENT NUMBER-DATE
09619 SEP 22 97
FPSC-RECORDS/REPORTING

1 Q Please state your name and business address.

2 A Stafford McCartney, 7167 Old Kings Road North, Jacksonville, Florida.

3

4 Q What is your current occupation?

5 A I am the Executive Vice President and General Manager of River City Plastics, Inc.,

6 a plastic pipe manufacturing plant located in Duval County, Florida.

7

8 Q How long have you held that position?

9 A Seven years.

10

11 Q What other positions have you held at River City Plastics?

12 A I have also held the position of Vice President of Sales.

13

14 Q Please tell us a little about your educational background.

15 A I graduated in 1970 from Polytech of the South Bank (now the University of London)

16 as a diplomate of Plastics Institute.

17

18 Q Do you belong to any professional associations?

19 A I am an executive member and a committee chairman of the Plastic Pipe and Fitting

20 Association. In addition I am a member of the Society of Plastic Engineers, and the

21 Florida Plastics Industry Council, where I serve as a director.

22

23 Q On whose behalf are you testifying in this proceeding?

24 A I am testifying on behalf of Clay Electric Cooperative, Inc., the electric power supplier

25 that we have chosen to serve our new plastic pipe manufacturing plant in Baker

1 County.

2

3 Q What is the purpose of your testimony?

4 A To rebut the direct testimony of Robert A. Hood of Florida Power & Light ("FPL"),
5 particularly his assertions that FPL should be allowed to serve our new plant in Baker
6 County.

7

8 Q You have stated that River City Plastics manufactures plastic pipe. Can you provide
9 us with more detail on what types of pipe, the kinds of customers you sell to, and
10 how the manufacturing process works?

11 A River City Plastics uses a continuous extrusion process to manufacture PVC pipe
12 that is sold to plumbing, irrigation, electrical and utility distributors.

13

14 Q Is your manufacturing process sensitive to interruptions, even momentary
15 interruptions, of electric service?

16 A Yes. The extruders use a very sensitive d.c. drive, and even a very brief power drop
17 will cause the drive to quit.

18

19 Q What happens to your manufacturing process when you have an outage or glitch?

20 A The production lines will each have to be restarted. We have eighteen (18) lines and
21 twenty-three (23) extruders. Each line will produce scrap until it is restrung and the
22 product brought back into specifications. Five (5) of the eighteen (18) lines are
23 particularly sensitive to stoppage because of the nature of the PVC compound used.
24 Power interruption on these lines necessitates disassembly of the extrusion tooling
25 to minimize the corrosive effects of decomposing PVC on the chrome surfaces of

1 the machinery.

2

3 Q In the past two years, what has been your plant's experience with outages and
4 momentary glitches at your Duval County plant?

5 A I have attached an exhibit to my testimony, Exhibit _____ (SM-1), which describes
6 the number of outages and the costs to River City Plastics. Between December 1,
7 1996, and June 30, 1997, our Duval plant experienced 34 outages and a total of 122
8 glitches. The 34 outages are included in the 122 glitches.

9

10 Q So when a glitch, or momentary interruptions causes your production line to shut
11 down, what do you have to do to get it back up and running?

12 A Each production line requires a minimum of two people to restart the process.
13 Depending on available people, and the product type being extruded, the process
14 of restarting and getting the product back into specification will take upwards of eight
15 (8) hours. For the lines to reach equilibrium and optimal operational conditions it will
16 take 24 to 48 hours. The scrap generated by the outage will typically take seven (7)
17 to ten (10) days to grind and assimilate back into the process.

18

19 Q How much did the glitches and outages or other momentary interruptions cost River
20 City Plastics at its Duval plant in the last two years in terms of down time, restarts,
21 labor costs, lost production, etc.?

22 A As shown on my Exhibit _____ (SM-1), the total cost to River City Plastics between
23 December 1996 and June 1997 was \$412,636.00.

24

25 Q What does the average outage cost River City Plastics?

1 A The cost per outage between December 1996 and June 1997 was \$12,136.00 as
2 shown on Exhibit _____ (SM-1).

3

4 Q Do these service interruptions impact River City Plastics sales of plastic pipe?

5 A Yes, River City Plastics supplies most of its customers on a "just in time" system,
6 so unscheduled down time plays havoc with our very tight production and delivery
7 schedule. We have a large power utility customer that has a heavy penalty for
8 unscheduled delays in shipping. Lost sales due to power outages are inevitable.

9

10 Q Is it fair to say that your manufacturing process is very dependent on an
11 uninterrupted supply of electric energy?

12 A Yes

13

14 Q Are the interruptions you have experienced in any way related to weather
15 conditions?

16 A Yes, it has been our experience that the weather is responsible for the majority of
17 our power glitches and outages, probably in the high ninety (90) percentile. We
18 monitor the weather very closely, and in the majority of cases when large storms are
19 imminent, we will have additional people standing by to assist in the anticipated
20 outage and restart of the plant.

21

22 Q If you have a service interruption (glitch or outage) that causes your production line
23 to shut down, what happens to your "restart" procedures if another glitch or outage
24 occurs during that process?

25 A We have to start the whole "restart" process all over again.

1 Q Has River City Plastics acquired property in Baker County on which to construct a
2 facility?

3 A Yes. As stated in the testimony already filed in this case by both Clay Electric and
4 FPL, we have acquired a parcel of property east of the Baker County Industrial Park.
5 Our plans are to relocate our Duval facility to Baker County on that particular site.
6

7 Q Were you aware that there were two power suppliers in the area?

8 A Yes, we determined that FPL and Clay Electric were in the general area.
9

10 Q Did you request information from both Clay Electric and FPL prior to making your
11 decision on who to select as a power supplier?

12 A Yes we did. We requested information from both Clay Electric and FPL and referred
13 that information to our consulting engineers for their review and evaluation.
14

15 Q As a result of that evaluation who did you select as your power supplier?

16 A Clay Electric Cooperative, Inc.
17

18 Q Why did you make that selection?

19 A Clay Electric offered us a rate schedule, which when coupled with the use of load
20 management generators, provided us with a very competitive cost compared to
21 FPL's proposal. Keep in mind that we had two basic issues for our operation. The
22 first is the cost to us for the electric service and the second one is a high level of
23 reliability of service and ways in which we can protect our manufacturing process
24 from all of the outages and glitches that we have experienced at our plant in Duval
25 County. The idea of using the load management generators became very intriguing

1 to us because of our sensitivity to glitches and outages. As I previously stated, our
2 concern is that there be as few glitches or outages as possible and we recognize
3 that no electric utility can guarantee that there will be none. In a comparison of the
4 service that would be provided by FPL and the service that would be provided by
5 Clay Electric from their primary substation and distribution facilities without
6 considering load management generators, we cannot say there would be any
7 significant difference in reliability at this point in time. However that type of service,
8 relying entirely on primary service from either utility would result in the same kinds
9 of outages and glitches that we experienced on the JEA system. We believe that
10 we can avoid some of the weather related glitches and outages by monitoring the
11 large, violent weather activities and having Clay Electric isolate us from the grid with
12 the load management generators before the storm hits. In the event of an outage
13 we can isolate our plant from the cause of those outages and glitches during the
14 restart process and we are more likely to be able to get up and running again until
15 the conditions causing the glitches and outages is past. Those conditions are
16 weather related. For example if a major thunderstorm or other weather condition
17 causes glitches or outages on the primary service from Clay Electric, we would have
18 the option of isolating our plant (disconnecting from Clay's system), and use the
19 generators on site to restore our manufacturing operations. This will minimize, if not
20 eliminate continued outages and glitches while adverse weather conditions continue
21 to cause momentary interruptions or outages on the primary service facilities. This
22 is very critical to us and it was a service offered only by Clay Electric, and not by
23 FPL.

24
25 Q Did you ask FPL if they would offer the same character and quality of service as that

1 offered by Clay Electric, particularly whether or not they would provide the load
2 management generators?

3 A Yes we did, and they refused.

4

5 Q What was the basis of their refusal?

6 A FPL advised us that primary service from its Wiremill Substation had all the reliability
7 that we needed.

8

9 Q Have you reviewed data from both FPL and Clay Electric regarding reliability of
10 service?

11 A Yes. Mr. Hood refers to it in his direct testimony, and I discussed it with both Clay
12 Electric and FPL prior to making any decision on who should be our power supplier.
13 Incidentally, Florida Wire and Cable, served by FPL, has experienced more outages
14 and interruptions than Mr. Hood says have occurred. The reliability of primary
15 service from either utility is probably not significantly different. If we were not
16 concerned about the sensitivity of our plant to glitches and outages, we could have
17 selected service from either utility. In fact, we called the Florida Public Service
18 Commission to ask who was the power supplier for our Baker County site, and were
19 advised that since Clay Electric and FPL were in the same area and did not have
20 a territorial agreement, that we could chose the utility we wanted. Clay's use of load
21 management generators provided us with a significant cost savings over FPL's cost
22 to us, but that was not the only consideration. As we looked at the opportunity to use
23 the generators for our restart process, or to even use them to isolate our plant from
24 the primary electric system when a storm threatens, prior to a glitch, it became clear
25 that the character and quality of service offered by Clay Electric was superior to that

1 offered by FPL.

2

3 Q So Mr. Hood's statement that FPL has existing substation capacity and capability
4 to extend distribution facilities to provide adequate and reliable service to River City
5 Plastics is what you take issue with?

6 A Yes, and his further statements about FPL's "usual and customary service". We are
7 not interested in FPL's usual and customary service because our plant is not usual
8 and customary. Our manufacturing process is unique, and notwithstanding that
9 uniqueness and our service needs, FPL has insisted to us that we do not need the
10 service offered by Clay Electric, and that the service offered by Clay Electric will not
11 help us. For the reasons that I previously stated, we respectfully disagree with Mr.
12 Hood's assertion.

13

14 Q Mr. Hood also states that FPL can offer River City Plastics several different
15 scenarios for backup or dual feed, and in his statement he mentioned backup
16 generators. Did FPL offer you that option prior to your selection of Clay Electric as
17 your power supplier?

18 A No it did not. They basically told us that if we wanted backup generators we would
19 have to get them ourselves. They also told us that if we wanted dual feed out of their
20 substation we would have to pay for that too. All they have offered us is "their usual
21 and customary service" from their Wiremill Substation. Also please note that Mr.
22 Hood did not say they offered those three options mentioned in his testimony to us,
23 he simply stated that "FPL can offer River City Plastics several different scenarios"
24 and as Mr. Hood goes on to testify, all of the options would be charged to River City
25 Plastics. I have been advised by Clay Electric's attorneys that Mr. Hood has now

1 changed his direct testimony or at least wants to change it indicating that FPL will
2 not charge River City Plastics a contribution in aid of construction for two of the three
3 backup options, a dual feed overhead service and a dual feed underground service.
4 Neither of those options address the kind of service we need and really will not help
5 us.

6
7 Q Have you signed any agreements with Clay Electric for service?

8 A Yes. We sent Clay Electric a request for service and then we executed contracts
9 with Clay to have that service provided. We signed a separate equipment lease
10 agreement so that the generators will be on our site and will be leased by River City
11 Plastics from Clay Electric and operated by us. Pursuant to the equipment lease
12 agreement, we have appointed Clay Electric as our agent to operate the generator
13 for load management purposes, and we are currently discussing with Clay the details
14 of how we would isolate ourselves from the system when we request it. We could
15 either manually disconnect ourselves from their system, or Clay Electric could
16 respond to a telephone call from us to do it.

17
18 Q Do you have any further comments on Mr. Hood's testimony?

19 A Yes. Mr. Hood's testimony, when you look at it in total, basically says that FPL can
20 provide River City Plastics the same kind of service and the same reliability that
21 other customers of FPL receive in the same area. River City Plastics requires
22 another kind of service. It is really apples and oranges. We asked for an orange
23 because we need it, and FPL says "here is an apple, this is all you need". So we
24 are not just talking about a difference in the degree of service between FPL and Clay
25 Electric, we are really talking about two different kinds of service. Since FPL will not

1 provide the service we need, we had no real opt on except to go to Clay Electric for
2 our service needs. It is that simple.

3

4 Q Does this conclude your rebuttal testimony?

5 A Yes it does at this time.

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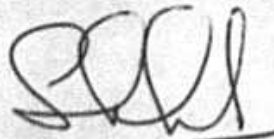
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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF DUVAL)

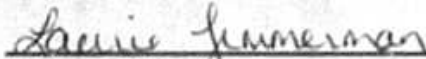
Docket No. 970512-EU

Before the undersigned authority, personally appeared Stafford McCartney, who being first duly sworn, deposes and says that he is the Executive Vice President and General Manager for River City Plastics, Inc., a Florida corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. He is personally known to me.



Stafford McCartney
Executive Vice President and
General Manager

Sworn to and subscribed before me this 22nd day of September, 1997.



Notary Public
State of Florida
My Commission expires
and my number is:



LAURIE E ZIMMERMAN
My Commission CC478079
Expires Jun. 22, 1999
Bonded by HAI
800-422-1888

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by regular U.S. mail to the following:

Patrick M. Bryan, Esquire
Florida Power and Light Company
700 Universe Boulevard
Juno Beach, Florida 32408

Robert Elias, Legal Division
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Mark K. Logan
Bryant, Miller & Olive
201 South Monroe Street
Suite 500
Tallahassee, Florida 32301

W. G. Walker, III, Vice President
Florida Power and Light Company
Regulatory Affairs
Post Office Box 029100
Miami, Florida 33102-9100

on this 22nd day of September, 1997.



John H. Haswell

FRANCO-CLAYLEC
RIVER CITY PLASTICS
Cost of Power Outages

Per Outage Facts

Waste @ .0003 @ .39 \$2.280
Scrap Generated
line 1-15 4 hours
line 16-19 8 hours

Production based on 7,500,000 pounds/month
line 1-15 11,161 Pounds/hour
line 16-19 8,505
2,656

Cost to Grind Scrap 0.0402 /pound
Standard Cost 0.076 /pound

Contribution Margin Lost 0.1225 /pound
Variable Selling Cost 0.0198 /pound
Contribution Costs 0.076 /pound
Lost Profitability 0.0277 /pound

Under Weight lost due to interruption in Production
Normal Under weight/day 3,226 lbs
Cost per pound \$0.41
It takes 24-48 hours to regain previous days efficiency

In addition our Borrowing Base was reduced during this period by as much as \$150,000.

Outages

Month	# of extended hot Outages	Outages for Outages	Last Year	Total Outages	Production	Outage	Lost Profit	Total RCP	Total RCP
				Pounds	Months			DEC96	JUNE97
December	3	3	4	110,536	\$15,465	\$4,444	\$3,082	\$11,500	\$34,501
January	3	3	1	110,536	\$15,465	\$4,444	\$3,082	\$11,500	\$34,501
February	5	5	2	165,804	\$23,243	\$6,985	\$4,593	\$23,001	\$67,502
March	3	3	0	165,804	\$23,243	\$6,985	\$4,593	\$0	\$24,501
April	22	7	2	278,340	\$38,739	\$11,109	\$7,665	\$23,001	\$60,503
May	76	8	1	868,876	\$54,234	\$15,532	\$10,716	\$11,500	\$62,003
June	10	5	8	0	\$0	\$0	\$0	\$67,502	\$67,502
Total 7 Months	122	34	18	1,215,896	\$170,449	\$48,879	\$33,690	\$78,998	\$211,913

Total Charging
Elevator Motor to build
Total

Cost per Outage

18,805
2,618
412,636
\$12,136

Exhibit _____ (SM-1)
Docket No. 970512-EU
Rebuttal Testimony of
Stafford McCartney

970512-EI

CERTIFICATE OF SERVICE

STAFFORD McCartney
REBUTTAL Testimony

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by regular U.S. mail to the following:


Patrick M. Bryan, Esquire
Florida Power and Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Robert Elias, Legal Division
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on this 22nd day of September, 1997.



John H. Haswell

DN 09619-97
9/22/97

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF DUVAL)

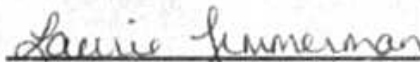
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Before the undersigned authority, personally appeared Stafford McCartney, who being first duly sworn, deposes and says that he is the Executive Vice President and General Manager for River City Plastics, Inc., a Florida corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. He is personally known to me.



Stafford McCartney
Executive Vice President and
General Manager

Sworn to and subscribed before me this 22nd day of September, 1997.



Notary Public
State of Florida
My Commission expires
and my number is:



LAURIE E ZIMMERMAN
My Commission CC478079
Expires Jun. 22, 1999
Bonded by HAI
800-422-1666