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May 7, 2001

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

D10441-EU

Dear Ms. Bayo:

Enclosed are an original and fifteen copies of the Answer of Gulf Power Company to Petition of West Florida Electric Cooperative Association to be filed with the Commission.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in Wordperfect 8 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

APP 1
CAF _____
CMP _____
COM 5
CTR _____
ECR _____
LEG 1
OPC _____
PAI _____
RGO _____
SEC 1
SER _____
OTH _____

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone

DOCUMENT NUMBER-DATE

05769 MAY-8 3

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition to resolve territorial dispute)
 with Gulf Power Company in Washington) Docket No.: 010441-EU
 County by West Florida Electric Cooperative) Date Filed: May 8, 2001
 Association, Inc.)

**ANSWER OF GULF POWER COMPANY TO PETITION
 OF WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION**

GULF POWER COMPANY (“Gulf Power,” “Gulf,” or “the Company”), by and through its undersigned counsel, and pursuant to Uniform Rule 28-106.203, Florida Administrative Code, hereby submits the Company’s Answer to West Florida Electric Cooperative Association’s Petition in this docket as follows:

A. Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32501. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission. Notices and communications with respect to this petition and docket should be addressed to:

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

Susan D. Ritenour
 Assistant Secretary and Assistant Treasurer
 Gulf Power Company
 One Energy Place
 Pensacola, FL 32520-0780

B. Gulf response to the Petition of West Florida Electric Cooperative Association as follows with respect to each numbered allegation:

1. Admitted.
2. Not contested.
3. Admitted. As stated in the Joint Petition for Declaratory Statement filed

DOCUMENT NUMBER-DATE

05769 MAY-80

FDSP-REGIONS/REPORTING

by Enron Compression Services Company and Gulf attached as Exhibit 7 to WFEC's petition, Gulf has provided retail electric service to customers in Washington County, Florida since 1926.

4. As stated in the Joint Petition for Declaratory Statement filed by Enron Compression Services Company ("ECS") and Gulf attached as Exhibit 7 to WFEC's petition, Gulf acknowledges and admits that pursuant to Section 366.04(5) of the Florida Statutes, the FPSC has jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure the avoidance of further uneconomic duplication of generation, transmission and distribution facilities. As also stated in the ECS/Gulf Joint Petition for Declaratory Statement, Gulf acknowledges and admits that pursuant to Section 366.04(2)(e) of the Florida Statutes, the FPSC has the authority to resolve territorial disputes between and among rural electric cooperatives and other electric utilities under the FPSC's jurisdiction.

5. Gulf acknowledges and admits that Section 366.055(3) of the Florida Statutes provides that, subject to the provisions of Section 366.055, the FPSC has the power to require any electric utility to transmit electrical energy over its transmission lines from one utility to another or as a part of the total energy supply of the entire grid to assure efficient and reliable operation of a state energy grid. Gulf does not agree that such statutory provision has any relevance to the issues before the FPSC in this proceeding.

6. Admitted.

7. Denied. AEC has an agreement with Southern Company Services ("SCS") as agent for Gulf and its sister operating companies, for the provision of transmission service. SCS in its capacity as agent for the operating companies of the Southern electric system, has an open access tariff filed pursuant to FERC Order Number 888-A.

8. Gulf admits that it intends to serve ECS in Washington County as further described in the Joint Petition for Declaratory Statement filed by ECS and Gulf attached as Exhibit 7 to WFEC's petition. As stated in ECS/Gulf Joint Petition, Gulf intends to serve ECS ("the customer") based on Gulf's statutory obligation under Section 366.03 of the Florida Statutes pursuant to the request for service Gulf received from ECS, leading to a contract for electric service. Gulf denies that the actual site of the new electrical load Gulf has been requested by the customer to serve is currently served by WFEC. Gulf admits that the site of the new electrical load ECS has requested Gulf to serve is located in the rural community of Hinson's Crossroads which is located as described in WFEC's petition. Gulf does not contest the description of the physical environment and community of Hinson's Crossroads or its description of the current natural gas facility operated by Florida Gas Transmission Company ("FGT"). Gulf supplements this description with the information about FGT's existing facilities provided by ECS and Gulf in the Joint Petition for Declaratory Statement attached as Exhibit 7 to WFEC's petition. FGT's current natural gas facility at Hinson's Crossroads is the pumping station described in the ECS/Gulf Joint Petition as the FGT pumping station in Washington County, Florida known as Station 13. With regard to the plans to add new pumping equipment and infrastructure to the new Station 13a site in the near future, Gulf reasserts the statement of facts contained in the ECS/Gulf Joint Petition attached as Exhibit 7 to WFEC's petition. ECS's request for electric service to new electric motors for the new pumping station to be known as Station 13a does envision that Gulf will construct a new electric substation that will be served by a 230 kilovolt transmission line tap from Gulf's existing 230 kilovolt networked transmission line that runs through Washington County approximately six miles south of the new Station 13a. This new

substation facility and associated transmission line tap will be used by Gulf to serve the new ECS facility. Although under the contract for electric service between ECS and Gulf referenced in the ECS/Gulf Joint Petition does not exclusively dedicate the new substation to serving ECS's new electric load, presently Gulf does not have any other customers that will be served from the new substation.

9. Gulf admits it does not presently have any territorial agreement with WFEC. The remainder of this paragraph is denied. Gulf has provided retail electric service to customers in Washington County since 1926, a date that precedes the formation of WFEC. As detailed in the ECS/Gulf Joint Petition for Declaratory Statement attached as Exhibit 7 to WFEC's petition, Gulf has the only existing 230 kilovolt transmission facilities in or around Washington County. Service of the new electric load from Gulf's existing 230 kilovolt networked transmission system avoids the need for WFEC and/or AEC to construct duplicative 230 kilovolt transmission facilities in order to connect electric generation from outside of Florida to ECS's new electric load in lieu of existing generation owned and operated by Gulf Power and the new generation being built at Gulf Power's Smith Plant which will itself be served by the enlarged natural gas pipeline capacity that will be associated with ECS's new electric load at Station 13a. The electric service requirements of ECS constitute new electric load separate and apart from the existing and new electric service requirements of FGT as a historical customer of WFEC. The electric service requirements of ECS cannot be met by WFEC and/or AEC through any of their existing facilities. Any cost to be incurred by WFEC and/or AEC to upgrade their existing facilities to be capable of serving the ECS electric load would clearly be uneconomic in light of Gulf Power's existing electric facilities already in close proximity to ECS's new electric

load. Gulf's existing facilities are presently fully capable of providing the required level of electric service once the new substation and associated transmission line tap are constructed as described in the ECS/Gulf Joint Petition for Declaratory Statement attached as Exhibit 7 to WFEC's petition. As a result of the foregoing, WFEC does not have a viable claim that it has an exclusive right to serve the actual site of ECS's new load given the provisions of Section 366.04(5) of the Florida Statutes which prohibit the “. . . further uneconomic duplication of generation, transmission and distribution facilities” in the state.

10. Gulf denies that its provision of electric service to ECS as described in the ECS/Gulf Joint Petition for Declaratory Statement attached as Exhibit 7 to WFEC's petition would result in uneconomic duplication of distribution and transmission facilities already provided by and available to WFEC. Gulf further denies that any of WFEC's existing distribution facilities on, along, and adjacent to the property where Station 13a will be constructed are capable of providing the level of electric service required by ECS. Gulf is without knowledge whether the maps attached to WFEC's petition as Exhibits 1, 2 and 3 are fair and accurate depictions of the existing electric facilities in the area.

11. Gulf denies that WFEC can adequately and reliably serve the electric requirements of ECS through either its existing facilities or through the expansion of its system as described in Exhibit 6 to WFEC's petition. Gulf is without knowledge as to the adequacy or reliability of WFEC's electric service to the area surrounding ECS's new electric load at what will become Station 13a.

12. Denied. Gulf owns and operates the only facilities capable of serving the customer at issue herein. Further, Gulf has provided electric service to customers in Washington

County since before WFEC came into existence.

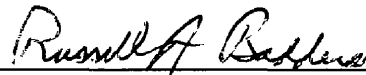
13. Gulf denies that the estimates of savings and costs set forth in Exhibit 4 to WFEC's petition are reasonable or accurate. The allegations of line loss savings, line exposure and maximum voltage drops set forth in Exhibit 4 are not consistent with the new electric substation and associated 230 kilovolt transmission line tap that must be installed in a timely manner in order to meet the electric service requirements of ECS in a reasonably sufficient, adequate and efficient manner as required of a public utility under Section 366.03 of the Florida Statutes.

14. Without knowledge as to the correctness of the information provided in Exhibit 5. ECS and FGT are affiliates.

15. Gulf denies that the estimate of costs set forth in Exhibit 6 to WFEC's petition is reasonable or accurate in light of the electric service requirements of ECS as described in the ECS/Gulf Joint Petition for Declaratory Statement attached as Exhibit 7 to WFEC's petition. The facilities described in Exhibit 6 are not capable of meeting the electric service requirements of ECS in a reasonably sufficient, adequate and efficient manner as required of a public utility under Section 366.03 of the Florida Statutes.

WHEREFORE Gulf Power Company requests that the Commission enter an order denying WFEC's prayer for affirmative relief and declare that ECS's request for electric service from Gulf Power is controlling in this case and, pursuant to that request, Gulf Power is both obligated and entitled to furnish ECS with electric service pursuant to the rates, rules, regulations and other statements set forth in Gulf Power's Tariff for Retail Electric Service on file with and approved by the Commission.

Respectfully submitted the 7th day of May 2001.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to resolve territorial dispute)
with Gulf Power Company in Washington) Docket No.: 010441-EU
County by West Florida Electric Cooperative)
Association, Inc.)
_____)

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished
this 7th day of May 2001 by U.S. Mail or hand delivery to the following:

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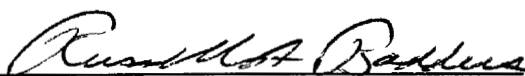
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