



**West Florida Electric
Cooperative Association, Inc.**

A Touchstone EnergySM Partner



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P.O. Box 1100
Sneads, FL 32460-1100
(850) 593-6491

July 30, 2001

Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0985

RECEIVED-FPSC
01 JUL 30 PM 4:14
COMMISSION
CLERK

RE: Docket No.: 010441-EU

Dear Ms. Bayo:

Enclosed is the original and 15 copies of the Direct Testimony of the following individuals:

- William S. Rimes** - 09271-01
- Russell L. Dunaway** - 09272-01
- Gary F. Clark** - 09273-01
- Joseph E. Perry, III P.E.** 09274-01
- Jeff Parish** 09275-01
- Damon Morgan** 09276-01
- James A. Brook** 09277-01

Also, enclosed herewith the direct testimonies is a self-addressed stamped envelope and a copy of this letter. Will you kindly date stamp and return the copy to the address printed on the envelope.

If you have any questions, please call.

Sincerely,

Gary F. Clark, C.E.M.
Vice President, Member Services

- APP _____
- CAF _____
- CMP _____
- COM 308
- CTR _____
- EGR _____
- LEG T
- OPC _____
- PAI _____
- RGO _____
- SEC T
- SER _____
- OTH _____

/bma

Enclosure

xc: John H. Haswell, Esquire
Jeffrey A. Stone, Esquire

RECEIVED & FILED
RYM
FPSC-BUREAU OF RECORDS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Territorial Dispute Between
West Florida Electric Cooperative
Association, Inc. and Gulf Power
Company in Washington County,
Florida.

Docket No.: 010441-EU

Date Filed: July 30, 2001

DIRECT PREFILED TESTIMONY

OF

RUSSELL L. DUNAWAY

FOR

**WEST FLORIDA ELECTRIC
COOPERATIVE ASSOCIATION, INC.**

DOCUMENT NUMBER-DATE

09272 JUL 30 01

FPSC-COMMISSION CLERK

1 West Florida Electric Cooperative Association, Inc.

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 Russell L. Dunaway

5 Docket No. 010441-EU

6 Date of Filing: July 30, 2001

7

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

9 A. Russell L. Dunaway, P.O. Box 127, 5282 Peanut Rd., Graceville,
10 Florida. I am Vice President, Finance and Administration. I
11 received a B. A. Accounting, 1972 from the University of West
12 Florida.

13 Q. How long have you held your current position at West Florida?

14 A. I have been employed by West Florida for twenty-four years. I
15 have performed the responsibilities of Chief Financial Officer for
16 over twenty-two years and served as Interim CEO on two
17 occasions.

18 Q. What other positions have you held as a representative of West
19 Florida?

20 A. I served on the Board of Directors of Alabama Electric
21 Cooperative, Florida Electric Cooperative Association, Florida
22 Rural Electric Credit Union, Jackson County Chamber, Marianna
23 Chamber, Graceville Chamber and Graceville Economic
24 Development Council.

25 Q. Where were you employed prior to working at West Florida?

1 A. I was employed four years with the State of Florida, Office of the
2 Auditor General as an Auditor. I audited State Agencies, School
3 Boards, Junior Colleges and County elected officials.

4 Q. Would you provide some background on West Florida and
5 describe the retail services provided to your members?

6 A. West Florida was organized under Florida Statutes Chapter 425 in
7 1937 by residents of Calhoun, Holmes, Jackson, and Washington
8 counties to provide electricity to areas that Gulf Power Company
9 (GPC) and Florida Public Utility (FPU) deemed not profitable to
10 serve. West Florida is a member owned, non-profit organization
11 that distributes, at-cost, electricity to approximately 25,189
12 services located on over 4600 miles of electric distribution lines. In
13 addition to electric service, West Florida offers a variety of retail
14 services including, dial-up Internet service to 3,500 customers,
15 direct broadcast satellite systems, appliances, back-up
16 generators, and energy conservation programs.

17 Q. Where does West Florida buy power to distribute to its members?

18 A. West Florida is a member/owner of Alabama Electric Cooperative
19 (AEC), a generation and transmission cooperative located in
20 Andalusia, Alabama with a total utility plant of \$1.1 billion. AEC
21 provides wholesale power to 16 distribution cooperatives, four
22 municipalities and one industrial member. AEC's member owners
23 serve the electrical needs of more than 351,000 customers
24 located in 39 counties in Alabama and 10 counties in Northwest
25 Florida. West Florida's President, John E. Worthington and

1 William S. Rimes, West Florida's CEO, serve on the Board of
2 Directors of AEC. Mr. Rimes is currently serving as Chairman of
3 AEC's Finance Committee. West Florida has several million
4 dollars of equity in AEC and reports substantial contingent
5 liabilities on West Florida's financial statements as loan
6 guarantees for AEC to the USDA, Rural Utilities Services. (RUS)

7 Q. As an owner of AEC, is generation capacity and energy available
8 for all of West Florida's needs?

9 A. AEC operates 1200 MW of generation including coal fired,
10 combined cycle gas generation and hydro generating plants. An
11 additional 500 MW combined cycle plant is on schedule for
12 completion in December 2001. Approximately 500 MW of long-
13 term capacity is purchased from two utilities outside the state of
14 Alabama and regional spot energy markets are utilized. West
15 Florida has an all requirements contract with AEC for wholesale
16 power for a 35-year term. AEC will provide West Florida any level
17 of generation that is required to meet the needs of its members.

18 Q. Are you surprised that Gulf is attempting to serve a customer you
19 believe is an existing customer of West Florida?

20 A. No. Gulf has attempted this in the past. As Mr. Rimes notes in
21 his testimony, Gulf tried to take the whole city of Sneads in
22 February 1990, even though they did not have an existing
23 customer in the city. Exhibit _____ (RD-1) West Florida's
24 franchise agreement with Sneads was up for renewal. Sneads is
25 the largest municipality that West Florida serves. Gulf made an

1 elaborate proposal including rate comparisons, street lighting
2 services, economic development assistance, and energy
3 conservation programs, in an effort to take the electric system
4 from West Florida. The rate comparison Gulf included in the
5 proposal inaccurately overstated West Florida's residential rate.
6 There was a lengthy legal debate over several months between
7 our attorney, the city's attorney and the town council. The issue
8 caused some public relation problems for West Florida with the
9 community. The city council was ultimately convinced that Gulf did
10 not have the right to take West Florida's distribution system and
11 customers. The city could have entered into a franchise with Gulf,
12 but West Florida would retain ownership of its electric system and
13 continue to provide service to all existing customers and future
14 customers. Any uneconomic duplication of West Florida's electric
15 system by Gulf would be resolved by West Florida filing a dispute
16 with the FPSC.

17 Q. When an individual contacts you for electric service how do you
18 determine if West Florida should serve the customer?

19 A. Our Supervisor of Operations meets the customer at the location
20 and discusses the request for service. If the prospective
21 customer's point of service is clearly within another utility's service
22 area, we decline the request and recommend they contact the
23 other utility.

24 Q. Do you do this by some agreement or understanding with other
25 utilities like Gulf?

1 A. No. We have no agreement with Gulf and we do not discuss
2 individual requests for service with them. We simply follow a
3 common sense approach. If it would clearly be outside our
4 service area, we decline to serve it.

5 Q. Does West Florida have an obligation to serve a customer based
6 on the customer's request for electric service?

7 A. Yes. If the customer is in our service area, under RUS's area
8 coverage policy and the policy of our Board. No, if the customer is
9 clearly in the service area of another utility. As far as I know, a
10 prospective customer does not have the right to select an electric
11 service provider. He will be served by whatever utility serves the
12 area he is in.

13 Q. What is the basis for West Florida's assertion that it has the right
14 to access the same 230 kv line Gulf wants to use to distribute
15 power to FGT/Enron?

16 A. In 1983, Alabama Electric Cooperative planned to construct
17 transmission lines to serve West Florida's Altha, Grand Ridge and
18 Pittman substations. Gulf filed a petition alleging that AEC was
19 duplicating their transmission facilities and that West Florida
20 should not have the right to change wholesale power suppliers.
21 The Commission ruled that AEC could not build transmission lines
22 to sites currently served by Gulf. The ruling required Gulf to wheel
23 power for AEC as opposed to AEC paying Gulf's wholesale rate. It
24 also required AEC and Gulf to jointly plan transmission additions
25 in the Florida panhandle. To comply with this order, Gulf should

1 have coordinated the six-mile transmission extension with AEC
2 and allowed AEC to tap the 230 kv line to provide service to the
3 site or agreed to build the line and wheel power for AEC. In
4 addition, Gulf is obligated either by itself or through its parent
5 company, the Southern Company, to allow AEC, our wholesale
6 power supplier, access to the same 230kv facility as required by
7 agreement with the Southern Company and AEC and by FERC
8 rules.

9 Q. Has Gulf made an issue about West Florida's lack of interest in
10 serving the disputed load at Hinson's Crossroads?

11 A. Yes, it has. A major point of its declaratory statement petition, if
12 not the primary point, is that FGT/Enron chose Gulf because West
13 Florida expressed no interest.

14 Q. Was that true?

15 A. Not at all, West Florida, as Mr. Rimes also notes, has always been
16 anxious and willing to serve any new load at FGT/Enron's
17 compressor station site.

18 Q. So you did convey that interest to FGT/Enron?

19 A. Yes we did.

20 Q. Well then, can you tell us what conversations, documents,
21 correspondence or other communications took place between
22 West Florida, AEC and FGT/Enron over service to this site?

23 A. Yes, I can, based on my personal knowledge, our business
24 records and the testimony of Jim Brook at AEC.

25 Q. Please continue.

1 A. On November 20, 1995, Mr. David Brown, Director of Enron
2 Capital and Trade Resources (ETC) met with former West Florida
3 General Manager, Jerry W. Smith, and requested a proposal from
4 West Florida for electric service to a “ new incremental drive and
5 compressor set at the FGT pumping station”. A proposal was
6 prepared which included applicable rates for ETC taking delivery
7 at three possible voltage levels with substation ownership options.
8 West Florida and AEC mailed the proposal to Mr. Brown on
9 December 8, 1995. Exhibit _____(RD-2) is a copy of that
10 proposal. On January 2, 1996, Mr. Smith received a letter from Mr.
11 Brown requesting some clarification regarding West Florida’s rate
12 proposal. He also asked, “since ECT’s power cost requirements
13 for this project are already below the West Florida’s rate estimates
14 included in your proposal, is it possible this adjustment (power
15 cost adjustment) not be passed through to ECT during the term of
16 any possible agreement?” Exhibit _____ (RD-3) is a copy of
17 Mr. Brown’s letter. Mr. Brown copied the letter to Mr. Jim Brook,
18 AEC and Cheryl Perchal, and Paul Wielgus employees of Enron
19 Capital & Trade Resources. On January 16, 1996, Mr. Smith
20 responded to Mr. Brown's letter. Exhibit _____ (RD-4). This
21 letter clarified the rate proposed, substation ownership discounts
22 and included a response to Mr. Brown’s request to eliminate the
23 flow through of the fuel cost adjustment. Mr. Smith showed that
24 AEC had a negative fuel cost adjustment for the preceding 10
25 years; therefore, the adjustment was in the customer’s favor by

1 reducing the rate. Mr. Smith advised Mr. Brown to contact him for
2 further questions, or me in his absence.

3 On April 26, 1996, Ms. Cheryl Perchal, Vice President, Market
4 Analysis for ETC, called Mr. Smith, advised him she was the new
5 project manager. She told him the project was modified to include
6 additional motor load of 5,500HP.

7 On May 3, 1996, Mr. Smith mailed Ms. Perchal a new proposal
8 Exhibit _____ (RD-5), which outlined West Florida's
9 understating of the modified project description and a proposed
10 rate of 36.15 mills/kwh at 70.79% load factor. Enron would take
11 voltage at 69kv or above and own the substation. Contribution in
12 aid of construction of the transmission line would be negotiated
13 dependent on the number of years agreed to in the final contract
14 for electric service.

15 On June 5, 1996, Ms Perchal faxed Mr. Jim Brook, Vice President,
16 Marketing at AEC, an excerpt from a "power agreement with one
17 of our electric compressor stations that began operations late last
18 year" (1995). The agreement basically limited any increases to the
19 lesser of 3.5% or the percentage of any wholesale rate increase.

20 On June 6, 1996, Ms. Perchal faxed to Mr. Brook a draft of a
21 confidentiality agreement between ECT, AEC and West Florida.

22 On June 26, 1996, Ms. Perchal, Mr. Brook and Mr. Smith held a
23 conference to further discuss the rate and service agreement
24 issues regarding the project. On July 19, 1996, Mr. Brook faxed
25 Ms. Perchal a memo asking for additional clarification of the

1 proposed 3.5% cap, reopener provisions and possible price index
2 protection for West Florida.

3 Q. Were there any additional discussions or written communications
4 with ETC?

5 A. There was some discussion, however: the negotiations fizzled out
6 and eventually phone calls were not returned from the ETC staff.
7 In November 2000, a retired employee from West Florida who
8 lives at Hinson Cross Roads called his former supervisor and told
9 him Gulf was buying a right of way easement for a transmission
10 line to serve the FGT pumping station. We began immediately
11 requesting information from Enron to determine the status of their
12 electric service request.

13 Q. What process does West Florida use to change or add new
14 electric rates tariffs?

15 A. West Florida has not had an increase in rates since April 1, 1993.
16 The process we follow is to have a rate-consulting firm perform a
17 cost of service study and make recommendations on any changes
18 that are needed. The past two cost of service studies have been
19 completed by C.H Guernsey & Co. from Oklahoma City,
20 Oklahoma. They developed the rate changes implemented in
21 1993 and subsequently developed the Large Power Rate currently
22 used to serve the Jackson Correctional Institute.

23 After a study is completed, and the Board of Directors of West
24 Florida have approved the tariffs, they are submitted to the FPSC
25 and RUS for approval.

1 Q. Has the FPSC declined to approve a rate tariff in the past?

2 A. Yes. We submitted a Revised Large Power rate tariff for
3 customers over 5000 kva in 1993. The original Large Power rate
4 in effect prior to April 1, 1993, is shown as Exhibit _____ (RD-
5 6). We were instructed by Ms. Marge Meter of the rate department
6 of the FPSC to withdraw the rate until we had a customer
7 requiring that level of service. She stated that she would not
8 recommend the tariff for commission approval. West Florida
9 withdrew the tariff. Exhibit _____ (RD-7)

10 Q. Has Gulf suggested that West Florida is not capable of entering
11 into a firm contract with FGT/Enron and can not guarantee a firm
12 rate tariff for service to Station 13A?

13 A. Yes, it has. In its interrogatories to West Florida it is clear that
14 Gulf intends to try to show that because of West Florida's
15 democratic control by its member-owners, those members could
16 over-rule the management and board of trustees and alter or
17 amend any agreement with FGT/Enron.

18 Q. Well, in that regard, do members of West Florida have any
19 authority to vote on or implement rate changes?

20 A. No. The members of West Florida vote for their Board
21 representative and By-Law changes. Rate policy is established by
22 the Board of Directors of West Florida with final approval by RUS
23 and FPSC. Beginning in October 2000, all voting is conducted
24 with Mail-In Ballots. No official action is taken by the members at
25 the Annual Meeting other than the announcement of the election

1 results and normal reports on previous years operations.

2 Q. Has West Florida submitted a rate proposal to Enron to serve
3 Station 13A subsequent to the one mailed to Mr. David Brown on
4 December 8, 1995, and the second proposal mailed to Ms. Cheryl
5 Perchal on May 3, 1996?

6 A. No. Several letters were mailed to Florida Gas & Transmission
7 and Enron in December 2000, and January and March 2001,
8 requesting information. The one page of information received
9 showed an electrical load of 21,000 HP and twelve-month load
10 factor projections. The data was incorrect and did not disclose the
11 voltage delivery level required, substation configuration and
12 ownership plans, land availability for substation, future load
13 growth, possible load diversity and length of contract. The
14 information provided was not adequate for West Florida and AEC
15 to project a rate and commit to the \$6,000,0000 capital investment
16 needed to serve the customer. I don't think any utility would make
17 a proposal based on the amount of data furnished to West Florida
18 by John B. Gordon, Enron Compressor Services.

19 Q. Does this conclude your testimony?

20 A. Yes, it does at this time.

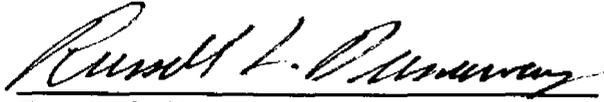
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AFFIDAVIT

STATE OF FLORIDA

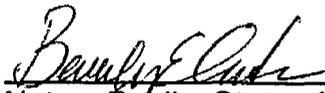
COUNTY OF JACKSON

BEFORE ME, the undersigned authority personally appeared RUSSELL L. DUNAWAY, who being by me first duly sworn and who is personally known to me, deposed and says that the foregoing Pre-Filed Direct Testimony and Exhibits, if any, are true and correct to the best of his information, knowledge and belief.



Russell L. Dunaway

Sworn to and subscribed before me this 27th day of July, 2001.



Notary Public, State of Florida

Print Name: Beverly E Anderson

Commission Number: CC829709

Commission Expiration Date: 4-25-03



Beverly E Anderson

My Commission CC829709

Expires April 25, 2003

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola FL 32520-1151
Telephone 904 444-6382

Exhibit ____ (RD-1)

John E. Hodges, Jr.
Vice President - Customer Service
and Division Operations

the southern electric system

February 14, 1990

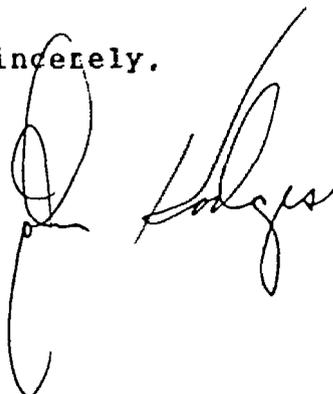
Ms. Linda F. Herndon
Town Clerk - Town of Sneads
Post Office Drawer 159
Sneads FL 32460

Dear Ms. Herndon:

Enclosed for your review and consideration is Gulf Power Company's proposal for providing retail electric service to the Town of Sneads. This proposal is being submitted per your letter of request dated November 7, 1989.

Please direct all inquiries regarding our proposal to Mr. Charles B. Davis, P.O. Box 1151, Pensacola, Florida 32520-1151 or call (904) 444-6560. If the Town Council desires, Mr. Davis will meet with you or the council members at your request and convenience to provide any assistance in reviewing and analyzing your current and future electrical requirements.

Sincerely,



jlp

Enclosure



West Florida Electric Cooperative Association, Inc.

(A composite of 9 pages)

P. O. Box 127
Graceville, Florida 32440-0127
(904) 263-3231
1-800-342-7400

P. O. Box 37
Bonifay, Florida 32425-0037
(904) 547-9325

P. O. Box 1100
Sneads, Florida 32460-1100
(904) 593-6491

December 8, 1995

Mr. David Brown
Director
ENRON Capital & Trade Resources
1400 Smith Street
Houston, TX 77002-7361

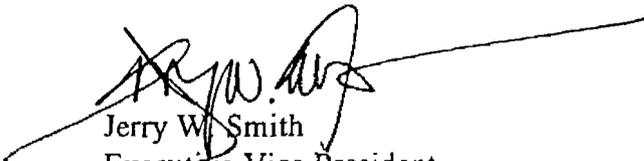
Dear Mr. Brown:

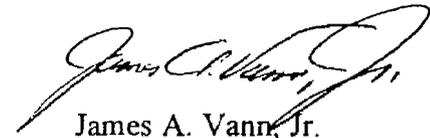
West Florida Electric Cooperative (WFEC) and Alabama Electric Cooperative (AEC) are pleased to provide a proposal for service to the Florida Gas Transmission Company "pumping station", located at Hinson's Crossroads, Washington County, Florida. Our organization has a commitment to the progress and development of our region. We appreciate the opportunity to pursue a mutually beneficial relationship between our companies.

AEC is the wholesale power supplier owned by West Florida Electric Cooperative and twenty (20) other electric power distributors in Alabama and Florida. AEC operates 820 MW of generation including coal-fired, gas-fired and hydro generating plants. AEC's use of its in-house generation, and matching of out-of-state purchases, has enabled it to have rate stability since 1983. In fact, AEC's cost to its members is some 12% lower than it was in 1983. Rate stability continues to be one of AEC's long term strategic objectives.

We assure you full assistance and cooperation of both West Florida Electric Cooperative and AEC in providing a competitive power supply proposal and the best quality of service.

Very truly yours,


Jerry W. Smith
Executive Vice President
& General Manager
West Florida Electric Cooperative


James A. Vann, Jr.
President and Chief
Executive Officer
Alabama Electric Cooperative, Inc.

JAVjr:JWS:kdw

PROJECT DESCRIPTION
ENRON Capital & TRADE Resources
Holmes County, Florida (Hinson Crossroads)
West Florida Electric Cooperative

On November 20, 1995, Mr. David Brown, Director of ENRON personally petitioned West Florida EC, Graceville, Florida to provide a "Proposal" for service to a **Florida Gas Transmission Company Pumping Station** located approximately one mile north of Hinson's Crossroads in Washington County, Florida (Map enclosed).

SERVICE REQUEST

ENRON is proposing to convert energy service at the pumping station from natural gas to electricity. At present, Hinson's Crossroads Pumping Station energy is generated by natural gas from the Florida Gas Transmission Company. The pumping station services three existing pipe lines, an 18 inch, a 24 inch gas line and a recently installed 36 inch pipe line for transmitting coal slurry.

The request from ENRON is for WFEC and AEC to provide electrical service to energize a proposed 10,000 horse power electric motor (7.5 MW load) with an estimated 70 to 75 percent load factor (winter 50 percent [6 months] and summer 100 percent [6 months]). The proposed electric motor will be servicing the existing two gas pipe lines and the new coal slurry pipe line.

ENRON indicates that the project will require a 2 to 3 cents KWH cost, high reliability, and ENRON owning the required electrical substation. Also, if construction of additional transmission lines is required to connect the facility, ENRON will be expected to provide contribution in aid to the construction.

POWER SUPPLIER

West Florida Electric Cooperative

West Florida Electric (WFEC) was formed in 1937 by rural residents of Washington, Holmes, Jackson, Calhoun counties to provide electricity to areas not served. West Florida is a member owned, non-profit organization controlled by the consumers it serves and governed by a nine-member board of trustees, elected by membership.

WFEC distributes, at-cost, electric service to 18,000 members. In addition to electric service, WFEC offers a variety of marketing programs or member services, including Direct Broadcast Satellite System Sales, the Good Cents Home Certification Program, surge protector sales and leasing, the Mainstreet Messenger emergency response system, and Rural TV programming for C-band Satellite systems. WFEC is actively involved in a variety of economic development projects throughout its service area.

WFEC's power supplier is Alabama Electric Cooperative (AEC), a generation and transmission cooperative located in Andalusia, Ala. AEC provides wholesale power to 16 distribution cooperatives, four municipalities and one industrial member. AEC's member owners serve the electrical needs of more than 280,000 customers of 39 counties in Alabama and 10 counties in Northwest Florida.

AEC operates 820 MW of generation including coal fired, gas fired and hydro generating plants. AEC and its member-owners purchase some 178 MW of capacity and energy from the Southeastern Power Administration, a federal power marketing agency. In addition, two hundred and fifty megawatts (250 MW) of long-term capacity is purchased from two utilities outside the state of Alabama. AEC's use of its in-house generation, and long-term purchases, coupled with active participation in the regional spot energy market, has enabled it to have rate stability since 1983.

RATES

The following rate estimates are provided, as requested by **ENRON**, for the purpose of project feasibility. Rate calculations and the enclosed tariff are prepared and subject to approval by the West Florida Electric Cooperative Board of Trustees and the Rural Utilities Service and subject to review by the Florida Public Service Commission.

WEST FLORIDA ELECTRIC COOPERATIVE HIGH LOAD FACTOR RATE

HINSONS CROSSROADS

7,500 kVA
4,106,250 KWH
75.00% Load Factor

Voltage Level: 25 kV or less

A. Demand Charge:	<i>AEL WHO IS O/C</i> \$8.41 * 63,075	\$9.61	x	7,500 kVA	=	\$72,063.00
B. Energy Charge:	<i>01942 79,743.</i>	\$0.01920	x	4,106,250 KWH	=	\$78,825.22
C. Fuel Adjustment:	<i>(0006) (2464-)</i>		x	4,106,250 KWH	=	<i>(2464)</i> \$0.00
D. Subtotal	<i>\$ 140,354</i>			<i>5.8 % Margin</i>		----- \$150,888.22 <i>\$ 148,424.88</i>
M/KWH					36.75	
E. Gross Receipts Tax		2.50%	x	Subtotal	=	\$3,772.21
F. State Sales Tax		7.00%	x	Subtotal	=	\$10,562.18
G. Small Counties Tax		1.00%	x	Subtotal	=	\$1,508.88
Total						----- \$166,731.48 =====
M/KWH					40.60	

**WEST FLORIDA ELECTRIC COOPERATIVE
HIGH LOAD FACTOR RATE**

HINSONS CROSSROADS

7,500 kVA
4,106,250 KWH
75.00% Load Factor

Voltage Level: 46 kV or 59 kV

A. Demand Charge:	\$9.22	x	7,500 kVA	=	\$69,156.00
B. Energy Charge:	\$0.01920	x	4,106,250 KWH	=	\$78,825.22
C. Fuel Adjustment:		x	4,106,250 KWH	=	\$0.00
D. Subtotal					\$147,981.22
M/KWH				36.04	
E. Gross Receipts Tax	2.50%	x	Subtotal	=	\$3,699.53
F. State Sales Tax	7.00%	x	Subtotal	=	\$10,358.69
G. Small Counties Tax	1.00%	x	Subtotal	=	\$1,479.81
Total					\$163,519.25
M/KWH				39.82	

**WEST FLORIDA ELECTRIC COOPERATIVE
HIGH LOAD FACTOR RATE**

HINSONS CROSSROADS

7,500 kVA
4,106,250 KWH
75.00% Load Factor

Voltage Level: Above 69 kV

A. Demand Charge:	\$8.80	x	7,500 kVA	=	\$66,019.50
B. Energy Charge:	\$0.01920	x	4,106,250 KWH	=	\$78,825.22
C. Fuel Adjustment:		x	4,106,250 KWH	=	\$0.00
D. Subtotal					\$144,844.72
M/KWH				35.27	
E. Gross Receipts Tax	2.50%	x	Subtotal	=	\$3,621.12
F. State Sales Tax	7.00%	x	Subtotal	=	\$10,139.13
G. Small Counties Tax	1.00%	x	Subtotal	=	\$1,448.45
Total					\$160,053.41
M/KWH				38.98	

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

LARGE POWER HIGH LOAD FACTOR

RATE SCHEDULE LPH

- AVAILABILITY:** Available throughout the area served by the utility.
- APPLICABILITY:** Applicable for three phase lighting and power service to any customer whose actual measured demand is not less than 5,000 kilowatts (kW), with an annual load factor of not less than seventy-five percent (75%). Service to two or more premises shall not be combined nor shall service furnished hereunder be shared with or resold to others. All service shall be taken at the same voltage and from a single delivery point, and shall be measured by a single meter.
- CHARACTER OF SERVICE:** Three phase service at the voltage of the available transmission lines of the Cooperative or at the secondary voltage of transformation facilities supplied from such lines.
- LIMITATION:** Subject to all of the rules and regulations of this tariff and general rules and regulations of the utility.
- WHOLESALE DELIVERY VOLTAGE ADJUSTMENT:** The Demand Charge in the MONTHLY RATE provision is based upon the Cooperative receiving electric service from its wholesale power supplier at a certain nominal voltage. The Cooperative may adjust the Demand Charge as stated below to reflect the difference between Alabama Electric Cooperative's wholesale demand charges at various delivery voltages.
- MONTHLY RATES:**
- | | |
|-------------------|-----------------------|
| Demand Charge | - |
| (25 kV or less): | \$9.61 for all kVA. |
| (46 kV or 69 kV): | \$9.22 for all kVA. |
| (Above 69 kV): | \$8.80 for all kVA. |
| Energy Charge: | \$.01920 for all kWh. |
- MINIMUM CHARGE:** In consideration of the readiness of the Cooperative to furnish service, no monthly bill will be rendered for less than the charge for capacity plus applicable taxes.

Subject to board and PSC approval

ENERGY CHARGE
ADJUSTMENT:

The energy charge may be adjusted by an amount per kilowatt-hour equal to the Fuel and Power Cost Adjustment Charge billed by Alabama Electric Cooperative to the Cooperative for the current month.

WHOLESALE
RATE ADJ.:

Should there be any change in the wholesale rate under which the Cooperative purchases power from Alabama Electric Cooperative, the Cooperative reserves the right to modify the charges and provisions stated herein correspondingly.

DETERMINATION OF
BILLING DEMAND:

The billing demand shall be the maximum integrated 15 minute demand in kVA, but shall not be less than 90% of the highest demand established during the preceding 11 months. The Cooperative, at its option, may grant a development period of six (6) months during which, for billing purposes, the contracted load may be waived.

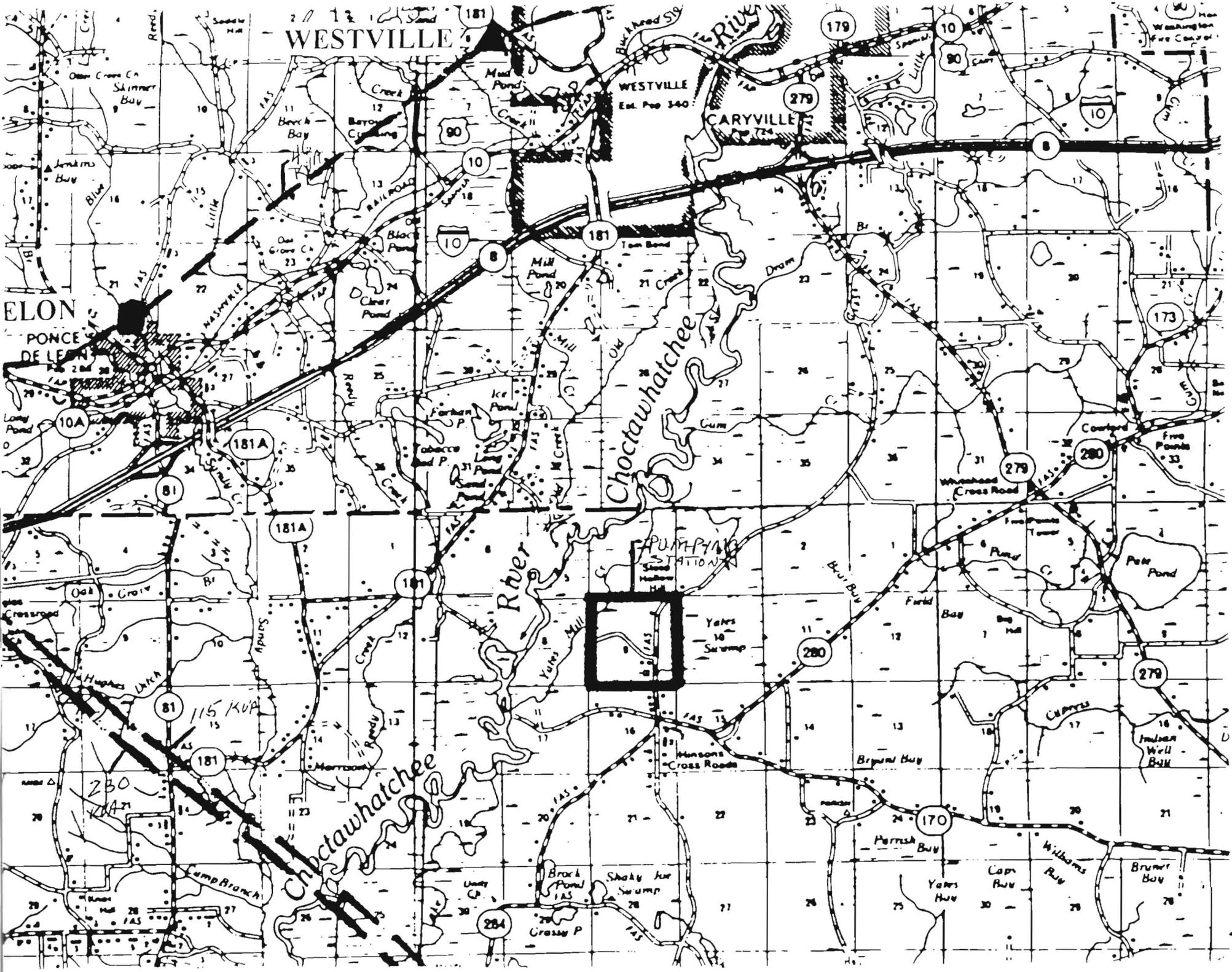
TERM OF
CONTRACT:

Service under this rate schedule shall be for a period of five (5) or more years and thereafter from year to year until terminated by twelve (12) months' written notice by either party to the other.

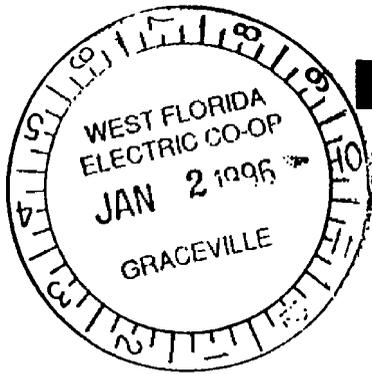
TAXES:

Applicable State, County and Local taxes are added to each bill.

Subject to board and PSC approval



(A composite of 2 pages)



ENRON CAPITAL & TRADE
RESOURCES
WORLDWIDE ENERGY SOLUTIONS

December 22, 1995

Mr. Jerry W. Smith
Executive Vice President
& General Manager
West Florida Electric Cooperative
P.O. Box 127
Graceville, Florida 32440-0127

Dear Mr. Smith:

Thank you very much for the proposal to provide electric service for the proposed incremental horsepower requirements at Florida Gas Transmission's (FGT) compressor station located near Caryville, Florida. After reviewing your proposal, several points came to light that should be clarified. Also, several questions came to mind that I would appreciate your organization looking at and answering for Enron Capital & Trade Resources' (ECT) use in analyzing your proposal.

For clarification purposes, please refer to the following items that vary slightly from information discussed at our November 20, 1995, meeting or points mentioned within West Florida Electric Cooperative's (WFEC) proposal dated December 8, 1995. The proposed incremental electric load being considered for this project is strictly a new load associated with the installation of an incremental drive and compressor set at FGT's compressor station. The power load being contemplated is not a conversion of any existing natural gas load at FGT's station. This proposed new horsepower will be utilized to compress natural gas on FGT's recently installed 36-inch pipeline, and not be utilized for transmitting coal slurry. Also, the size of the electric motor that has been specified to satisfy the proposed requirements of the project is 7,500 horsepower, with a 1.15 service factor.

WFEC's proposal refers to the proposed rate information as "estimates", and subject to approvals by WFEC and the Rural Utilities Service. Regarding WFEC's rate estimates, ECT is wondering:

- whether Rate Schedule LPH is a currently effective rate that can be immediately offered by WFEC, or a new rate methodology developed specifically for this project?
- whether WFEC's rate estimates include dollars, fees or charges associated with incremental facilities (e.g., substation, transmission line) required for this project?
- if the rate estimates do include charges associated with incremental facilities, what is the associated rate impact(s) caused by those charges, and resulting rate estimates if the rates do not include incremental facility surcharges?
- if there are any potential rate or fee implications to ECT if FGT does not maintain a 75% annual load factor during the term of service under Rate Schedule LPH?
- if it is possible to develop or agree on a rate structure that would allow for specific up-front, all-in rates for the term of any possible agreement?

Will you please provide me with historical Energy Charge Adjustment information pursuant to Alabama Electric Cooperative's (AEC) Fuel and Power Cost Adjustment Charge. Also, since ECT's power cost requirements for this project are already below the WFEC rate estimates included in your proposal, is it possible this adjustment not be passed through to ECT during the term of any possible agreement?

Similarly, is there any information available that would shed light on possible Wholesale Rate Adjustment's from AEC during the term of any possible agreement? Again, since ECT's power cost requirements for this project are already below the WFEC rate estimates included in your proposal, is it possible this adjustment not be passed through to ECT during the term of any possible agreement?

Thank you again for your interest and consideration regarding this exciting opportunity for WFEC, AEC and ECT. ECT appreciates your efforts in developing your proposal and looks forward to receiving your reply regarding the questions outlined in this letter.

If you have any questions or comments, please call me at your convenience at 713/853-6074.

Sincerely,



David H. Brown
Dir., Enron Compressor Services

DHB/tw
Ref:DB95122

cc: Jim Brook, Alabama Electric Cooperative, Inc. (Via Fax)
Cheryl Perchal, Enron Capital & Trade Resources
Paul Wielgus, Enron Capital & Trade Resources



West Florida Electric Cooperative Association, Inc.

P. O. Box 127
Graceville, Florida 32440-0127
(904) 263-3231
1-800-342-7400

P. O. Box 37
Bonifay, Florida 32425-0037
(904) 547-9325

P. O. Box 1100
Sneads, Florida 32460-1100
(904) 593-6491

January 16, 1996

Mr. David Brown
Director
ENRON Capital & Trade Resources
1400 Smith Street
Houston, Texas 77002-7361

RE: Proposed Electric Service to Florida Gas Transmission
Compressor Station near Caryville, Florida

Dear Mr. Brown:

We received your letter of December 22, 1995 concerning our proposal and are pleased to reply to your request for answers and clarification to the questions you posed.

Thank you for clarifying several points made in our initial proposal to ECT. We understand the incremental electric load being considered is a new load. And, the incremental drive and compressor set at FGT's compression station near Caryville will be serviced by a new installed 7,500 horsepower electric motor. The motor will be utilized to compress natural gas on FGT's recently installed 36 inch pipeline.

The following responses should answer the questions presented in your letter:

- (1) Whether Rate Schedule LPH is a currently effective rate that can be immediately offered by WFEC, or a new rate methodology developed specifically for this project?

Answer: Rate Schedule LPH is not currently effective but can be offered after approval of the Cooperative's Board. Approval by the Rural Utilities Service and the Florida Public Service Commission should take 30 to 90 days, but would not preclude the Cooperative implementing the rate.

- (2) Whether WFEC's rate estimates include dollars, fees or charges associated with incremental facilities (e.g., substation, transmission line) required for this project?

Answer: The rate proposed does not include aid in construction costs. However, the rate does include the cost of facilities as follows:

Voltage level 25 kV or less

Cooperative provides basic substation and transmission facilities.

Voltage level 46 kV or 69 kV

ECT provides substation and takes service directly from an existing 46kV line.

Voltage level above 69kV

ECT provides substation and takes service directly from an existing 115 kV line.

(These various rate levels are shown in the three rate calculations included in the proposal.)

- (3) If the rate estimates do include charges associated with incremental facilities, what is the associated rate impact(s) caused by those charges, and resulting rate estimates if the rates do not include incremental facility surcharges?

Answer: Under the 25 kV rate, the demand charge assumes a basic substation facilities cost. The resulting rate estimates without the incremental facilities cost are encompassed in Rate 2 and Rate 3. A contribution in aid of construction (CIAC) for additional substation and transmission facilities is negotiable.

- (4) If there are any potential rate or fee implications to ECT if FGT does not maintain a 75% annual load factor during the term of service under the Rate Schedule LPH?

Answer: The LPH rate was designed to be competitive for a load with an annual factor of 75% or higher. If ECT anticipates an annual load factor of less than 75%, a new rate would need, to be developed.

- (5) If it is possible to develop or agree on a rate structure that would allow for specific up-front, all-in rates for the term of any possible agreement?

Answer: No. Because the LPH rate is based directly on Alabama Electric Cooperative's (AEC's) wholesale rate, it would be impossible for WFEC to guarantee a rate for the term of any long-term agreement.

- (6) Is it possible the wholesale fuels adjustment not be passed through to ECT during the term of any possible agreement?

Answer: No, the energy charge proposed in the LPH rate simply "flows through" the energy charge in the wholesale rate. In fact, as the following table demonstrates, it may be in ECT's best interest for this to be passed through, since AEC's fuel adjustment has been a credit for the last 10 years.

Mr. David Brown
January 16, 1996
Page 3

Historical Energy Charge Adjustment

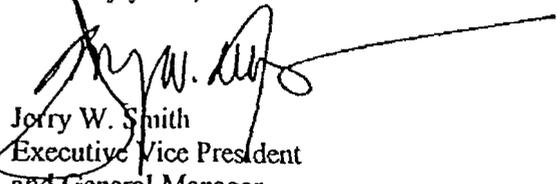
	Cost per KWH
January - December 1988	-\$.00300
January - December 1989	-\$.00300
January - December 1990	-\$.00300
January - June 1991	-\$.00039
July - December 1991	-\$.00200
January - June 1992	-\$.00070
July - December 1992	-\$.00125
January 1993	-\$.00100
February - December 1993	-\$.00200
January - June 1994	-\$.00025
July - August 1994	-\$.00050
September - December 1994	-\$.00150
January - June 1995	-\$.00060
July - August 1995	-\$.00150
September - December 1995	-\$.00060

- (7) Is there any information available that would shed light on possible Wholesale Rate Adjustments from AEC during the term of any possible agreement?

Answer: Not at this time.

I hope these responses are adequate and self-explanatory. If not, or if you have any other questions or require further information, please call me or in my absence, Russell Dunaway, at (904) 263-3231.

Sincerely yours,


Jerry W. Smith
Executive Vice President
and General Manager

JWS/spj

xc: Russell Dunaway



West Florida Electric Cooperative Association, Inc.

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May 3, 1996

Ms. Cheryl Perchal
Enron Capital and Trade Resources
1400 Smith Street
Houston, TX 77002-7361

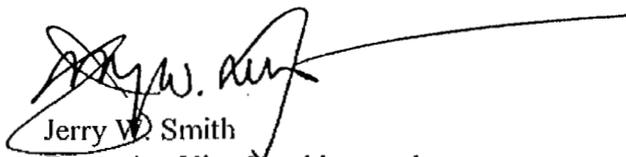
Dear Ms. Perchal:

Attached is a project description and "pre-proposal" of service to your proposed pumping load near Hinson's Crossroads in Washington County, Florida. This document includes our understanding of your project description and service parameters. Therein, we understand that Enron desires to own and operate the electric substation and transformation facilities. Physically, Enron would receive power at transmission voltage from Alabama Electric Cooperative, the wholesale supplier, and pay, at retail, West Florida Electric Cooperative, the distributor.

An estimate of proposed rates is included for your review. Please note the four major components of our rate which includes a demand charge, an energy charge, a wholesale power cost adjustment and applicable taxes. I believe that you will find the proposed rate to be competitive with other distributors in the region.

Ms. Perchal, we appreciate Enron's consideration and the opportunity to serve your potential project. I hope that this information is of value at this stage of your project development. If you have questions, please do not hesitate to call.

Sincerely,


Jerry W. Smith
Executive Vice President and
General Manager

JWS/jab/

c: Doyle Short (WFECA-Bonifay)
Jim Brook (AEC)

Confidential
PROJECT DESCRIPTION
Pre-Proposal
ENRON Capital & Trade Resources
Washington County, Florida (Hinson's Crossroads)
West Florida Electric Cooperative

May 1996

On November 20, 1995, David Brown of ENRON requested from West Florida EC, Graceville, Florida, a "Proposal" for service to an existing **Florida Gas Transmission Company Pumping Station**, located approximately one mile north of Hinson's Crossroads in Washington County, Florida. A proposal was submitted to Mr. Brown on December 8, 1995. Additional details were provided on January 16, 1996.

On April 26, 1996, Cheryl Perchal, newly-assigned project manager, called WFEC with modifications to the initial proposal. The following information is provided pursuant to her request:

SERVICE REQUEST

ENRON proposes to convert energy service at the pumping station from natural gas to electricity. At present, Hinson's Crossroads Pumping Station energy is provided by natural gas from the Florida Gas Transmission Company. The pumping station serves three existing pipe lines which include an 18-inch, a 24-inch and a recently installed 36-inch pipe line for transmitting coal slurry.

The initial request from ENRON asked WFEC and AEC to provide electrical service required to operate a proposed 10,000 horsepower electric motor (7.5 MW load) with an estimated 70 to 75 percent load factor. The proposed electric motor will be serving the existing two gas pipe lines and the new coal slurry pipe line. The new request includes the 10,000 HP electric motor with an estimated 89 to 90 percent load factor and an additional 5,500 HP electric motor with an estimated 90 percent load factor operating during May through September.

ENRON has set a target price of 2.5 cents per KWH energy cost, indicates a need for high reliability, and requires that ENRON own and operate the required electrical substation. ENRON understands their obligation to provide a contribution in aid of construction for transmission facilities required to serve the project.

POWER SUPPLIER

West Florida Electric Cooperative

West Florida Electric Cooperative (WFEC) was formed in 1937 by rural residents of Washington, Holmes, Jackson and Calhoun counties to provide electricity. West Florida is a member-owned, non-profit organization and is governed by a nine-member board of trustees, elected by the membership.

WFEC distributes electric service to 22,600 consumers over 4,300 miles of distribution line. In addition to electric service, WFEC offers a variety of marketing and member services programs, including DBS (direct broadcast satellite) system sales and leasing, the Good Cents Home™ Certification Program, surge protector sales and leasing, the Mainstreet Messenger emergency response system, retail sales of appliances and electronics, and Rural TV-programming for C-band satellite systems. WFEC is actively involved in a variety of community and economic development projects throughout its service area.

Alabama Electric Cooperative

WFEC's power supplier is Alabama Electric Cooperative (AEC), a generation and transmission cooperative located in Andalusia, Alabama. AEC provides wholesale power to 16 distribution cooperatives, four municipalities and one industrial member. AEC's member-owners serve the electrical needs of more than 280,000 customers of 39 counties in Alabama and 10 counties in northwest Florida.

AEC has a peak load responsibility of 1,500 MW and operates 820 MW of generation including coal-fired, gas-fired and hydro electric generating plants. In addition, AEC has a 144 MW combined cycle plant under construction, plans for two 100 MW combustion turbines and has contracts for long-term capacity from several in-state as well as out-of-state utility companies. AEC's use of its in-house generation and long-term purchases, coupled with active participation in the regional spot energy market, has enabled it to maintain low costs and stable wholesale rates since 1983.

RATES

The following rate estimates are provided, as requested by ENRON, for the purpose of determining feasibility of their project. Based on WFEC's proposed rate, power cost to ENRON would average 36.15 mills per kilowatt hour assuming an average annual load factor of 70%. These rates would be effective within 30 days after approval by the West Florida Electric Cooperative Board of Trustees and the Rural Utilities Service, and subject to review by the Florida Public Service Commission. Average power cost is subject to slight fluctuations depending on AEC's purchased power and fuel costs. This rate is based on a delivery voltage of 115 kilovolts, and ENRON would own the station.

FACILITIES COST

Transmission and substation facilities to serve the proposed project is estimated to cost \$2 million and require at least 12 months construction time. Of that cost, approximately \$1 million is required to provide transmission, and \$1 million is required for substation facilities. Any contribution in aid of construction is negotiable will be dependent on the number of years agreed to in the final contract for electric service.

WEST FLORIDA ELECTRIC COOPERATIVE A
GENERAL SERVICE - LARGE POW
RATE SCHEDULE - GSDL
RATE CODE C

Exhibit (RD-6)
(A composite of 2 pages)

AVAILABILITY - Available in all territory served by the Cooperative subject to the established Service Rules and Regulations and subject to the execution of a contract for service mutually agreed upon by the Cooperative and the Consumer.

APPLICABILITY - Applicable to any consumer receiving primary service at a wholesale delivery point whose load characteristics consist of monthly demands in excess of 5,000 KVA.

CHARACTER OF SERVICE - Multiphase, 60 hertz at primary voltage.

LIMITATIONS - Subject to all of the rules and regulations of this tariff and general rules and regulations of the utility. Service provided hereunder shall not be resold or shared with others.

MONTHLY RATE -
Customer Facilities Charge \$350.00 per month
Demand Charge \$ 10.88 per kVA of Billing Demand
Energy Charge 2.46¢ per kWh

MINIMUM CHARGE- The minimum monthly charge shall be the greater of:
A. The sum of the Customer Facilities Charge and the Demand Charge for the current billing period, or;
B. The amount specified in the Contract for Service.

TERMINATION OF BILLING DEMAND - The demand for billing purposes shall be based on the Customer's maximum integrated fifteen (15) minute capacity measured in kilovolt-amperes (kVA) by an appropriate capacity meter during each service month, provided such capacity shall not be less than seventy-five percent (75%) of the highest demand established during any of the eleven (11) preceding months.

Continued from Rate Schedule GSDL Sheet No. 7.5

ADJUSTMENT FOR LOAD FACTOR - Customer's energy usage (KWH) will be adjusted to reflect a 75% load factor on a monthly basis if those quantities fall below the specified level.

DEPOSIT - A cash deposit amounting to twice the estimated average monthly bill may be required before service is connected at premises designated, which deposit may be applied to any unpaid bills against the customer for service or material.

TERM OF CONTRACT - Service hereunder shall be for an initial minimum ten (10) year period or such other longer term as may be established by written contract and shall continue thereafter until terminated by one (1) year written notice by Supplier or Distributor Member.

TERM OF PAYMENT - Bills are due when rendered and become delinquent if not paid within 15 days of the billing date of each month. After the account becomes delinquent, written notice is provided and service may be discontinued after six days if payment is not received.

FUEL COST ADJUSTMENT CHARGE - In case the rate under which the Cooperative purchases power at wholesale is adjusted in accordance with a fuel cost adjustment provision in the Cooperative's wholesale power contract, the foregoing energy charges shall be adjusted each month by an amount per kWh equal to the fuel cost adjustment per kWh reflected in the Cooperative's wholesale power bill for the current month.

WHOLESALE RATE ADJUSTMENT - Should there be any change in the wholesale rate under which the Cooperative purchases power from its wholesale supplier, the Cooperative reserves the right to modify the charges and provisions stated above correspondingly.

State of Florida

(A composite of 4 pages)

Commissioners:

J. TERRY DEASON, CHAIRMAN
 THOMAS M. BEARD
 SUSAN F. CLARK
 LUIS J. LAUREDO
 JULIA L. JOHNSON



DIVISION
 JOSEPH D. JENKINS
 DIRECTOR
 (904) 488-8501

Public Service Commission

April 23, 1993

Mr. Jerry W. Smith
 General Manager
 West Florida Electric Cooperative Association, Inc.
 Post Office Box 127
 Graceville, Florida 32440

AUTHORITY NO. CE-93-4

Dear Mr. Smith:

We are returning herewith, approved, one copy of the following tariff sheets for West Florida Electric Cooperative Association, Inc.:

Seventh Revised Sheet No. 2.0
 Second Revised Sheet No. 4.0
 Fifth Revised Sheet No. 6.0
 Original Sheet No. 6.1
 Fifth Revised Sheet No. 7.0
 Fifth Revised Sheet No. 7.4
 Fifth Revised Sheet No. 7.5
 Second Revised Sheet No. 7.7
 Second Revised Sheet No. 7.8
 Fifth Revised Sheet No. 8.0
 First Revised Sheet No. 8.2
 First Revised Sheet No. 8.3
 First Revised Sheet No. 8.4
 Fifth Revised Sheet No. 9.0
 First Revised Sheet No. 10.0
 Third Revised Sheet No. 11.0
 Third Revised Sheet No. 12.0
 First Revised Sheet No. 13.0
 Second Revised Sheet No. 14.0

These tariff sheets were approved by Commission Authority No. CE-93-4 and will be kept on file in the Bureau of Electric Rates Section of the Division of Electric and Gas of this Commission.

Sincerely,

Margaret Meeter
 Margaret Meeter
 Bureau of Electric Rates

MM/bc

Attachments

cc: Joseph Jenkins
 Robert L. Trapp



West Florida Electric Cooperative Association, Inc.

P. O. Box 127
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(904) 593-6491

April 7, 1994

Ms. Marge Meeter
Florida Public Service Commission
Office of Electric & Gas
101 East Gaines Street
Tallahassee, Florida 32399-0864

Re: Rate Revisions for LP, LP-T and LS

Dear Ms. Meter:

As you know, last year the Cooperative's rate tariffs LP and LP-T were withdrawn from consideration when the RS, GSD and LS rate revisions were approved by the Commission. Please find enclosed revised tariffs and supporting schedules for the LP and LP-T rate along with a revised LS rate tariff for your consideration.

Cost of Service data was based on methodology agreeded to during the approval process last year. Mr. Jeff Hoppee, Rate Consultant with C.H. Guernsey & Co. developed the rates and may be contacted at the following address:

C.H. Guernsey & Co.
Rocky Mountain Regional Office
P.O. Box 2357
Frisco, Co. 80443-2357
Tel # 303-668-5334

We are requesting the rate revisions to become effective July 1 1994. Please let me know if I can be of assistance.

Sincerely;

A handwritten signature in cursive script, appearing to read "Russell Dunaway".

Russell Dunaway
Director, Finance and Staff Services

Fifth Revised Sheet No. 7.4
Cancels Fourth Revised Sheet No. 7.4

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

GENERAL SERVICE - LARGE POWER

This Sheet Reserved for Future Use

Issued By: Jerry W. Smith Effective: April 1, 1993
General Manager

Fifth Revised Sheet No. 7.5
Cancels Fourth Revised Sheet No. 7.5

WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

GENERAL SERVICE - LARGE POWER

This Sheet Reserved for Future Use

Issued By: Jerry W. Smith Effective: April 1, 1993
General Manager