



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

A Touchstone Energy<sup>SM</sup> Partner



P.O. Box 127  
Graceville, FL 32440-0127  
(850) 263-3231  
Toll Free Florida: 1-800-342-7400  
Web Address: www.wfeca.net

P.O. Box 37  
Bonifay, FL 32425-0037  
(850) 547-9325

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  
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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

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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.

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Docket No.: 010441-EU

Date Filed: July 30, 2001

**DIRECT PREFILED TESTIMONY**  
**OF**  
**JEFF PARISH**  
**FOR**  
**WEST FLORIDA ELECTRIC**  
**COOPERATIVE ASSOCIATION, INC.**

DOCUMENT NUMBER-DATE

09275 JUL 30 2001

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West Florida Electric Cooperative Association, Inc.

Before the Florida Public Service Commission

Prepared Direct Testimony of

Jeff Parish

Docket No. 010441-EU

Date of Filing: July 30, 2001

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

A: My name is Jeff Parish, business address P. O. Box 550, Andalusia, AL 36420. I am Vice President Bulk Power and Delivery for Alabama Electric Cooperative, Inc. ("AEC").

Q: Please summarize your educational experience and professional background.

A: I graduated from the Georgia Institute of Technology with a Bachelor of Electrical Engineering degree in 1963. I have background and experience in the electric utility industry in distribution, transmission and generation. I was employed by Choctawhatchee Electric Cooperative in DeFuniak Springs, Florida, from 1970-1978 as its distribution engineer for the first few months and then as General Manager for the remainder of the time. I was employed by Southern Engineering Company in Atlanta, Georgia, from late 1978 through mid-1991 and worked on numerous projects involving generation and transmission for cooperative and municipal clients, mostly in the eastern United States. Some of that work was with Alabama Electric Cooperative.

1 During that time I testified before the Federal Energy Regulatory  
2 Commission and this Commission. Since being with AEC in 1991,  
3 I have been in charge of generation and transmission planning,  
4 load forecasting, environmental permitting and compliance,  
5 contracts with other utilities, and the energy control center. I also  
6 testified in a Gulf Coast Electric Cooperative territorial dispute with  
7 Gulf Power Company. I am a registered professional engineer in  
8 Georgia, Mississippi, Alabama and Florida.

9 Q: What is the purpose of your testimony in this proceeding?

10 A: I will describe AEC's transmission arrangements including the  
11 proposed service by AEC and West Florida Electric Cooperative  
12 to the pumping load at FGT/Enron's Station 13-A.

13 Q: Please describe your overall transmission arrangements to serve  
14 AEC's load.

15 A. AEC has over 2,100 miles of transmission line in Alabama and  
16 Northwest Florida providing service to the 21 member systems of  
17 AEC. Voltages include 46kV, 115kV, and 230kV. We serve about  
18 55% of our member load from delivery points connected to our  
19 transmission system. We are strongly interconnected with  
20 Southern Company at several 230kV and 115kV interconnections.  
21 We also utilize the Southern Company's Open Access  
22 Transmission Tariff to serve about 45% of AEC's member load on  
23 the Alabama Power and Gulf Power transmission systems. We  
24 have an agreement with Southern Company effective January 1,  
25 1999, titled Agreement for Network Integration Transmission

1 Service which is a ten year arrangement under Southern's Open  
2 Access Transmission Tariff.

3 Q: Please describe your transmission arrangements with Gulf Power  
4 prior to January 1, 1999.

5 A: AEC entered into an Interconnection Agreement with Gulf Power  
6 dated August 1, 1985, including Service Schedule T for  
7 transmission service, and began wheeling to member loads of  
8 AEC over Gulf's system. That agreement was superceded  
9 January 1, 1999, when AEC transitioned to the Southern  
10 Company Open Access Transmission Tariff.

11 Q: What brought about the initial interconnection agreement and  
12 wheeling agreement with Gulf Power?

13 A: A territorial complaint brought by Gulf Power Company against  
14 AEC in 1983 was the impetus for the interconnection and  
15 wheeling agreement.

16 Q: Please explain.

17 A: In 1983 AEC proposed to extend its transmission system in  
18 Florida to directly serve certain member delivery points of West  
19 Florida Electric Cooperative which at that time were receiving all  
20 requirements wholesale power from Gulf Power. Gulf Power filed  
21 a territorial dispute complaint against AEC on September 6, 1983,  
22 before this Commission trying to prevent the construction by AEC  
23 and to continue to provide wholesale power to certain delivery  
24 points. An order was issued April 12, 1984, by the Commission.  
25 The order found, "AEC has made the decision to supply its own

1 power to WF. This right to serve is not an issue. Given AEC's  
2 decision, we must look to the alternative means by which that  
3 power can be brought into Florida and then choose the least  
4 costly option. This choice will be cost-effective for both WF's and  
5 GPC's customers." The order further stated, "The goal of this  
6 process is to work toward a coordinated, economic transmission  
7 system in Northwest Florida." A subsequent order of the  
8 commission was issued on December 21, 1984, and states, "On  
9 June 25, 1984, the parties jointly filed a memorandum of  
10 agreement stating that the most economical way for AEC's power  
11 to be brought down to the three delivery points is through an  
12 interconnection and wheeling agreement." The order also stated,  
13 "It is, therefore, concluded that the Commission's authority to  
14 order wheeling, pursuant to the Grid Bill, is not pre-empted by the  
15 FERC." Finally, the order stated, "However, we also caution the  
16 utilities that we have not mandated the interconnection and  
17 wheeling agreement that the parties have agreed to, but instead  
18 we merely are approving this arrangement based on our  
19 realization that the parties' decision was well thought out and in  
20 the best interest of their customers." In other words, Gulf Power  
21 voluntarily agreed to enter into interconnection and wheeling  
22 agreements as an alternative to AEC's building additional  
23 transmission into Florida. AEC and Gulf subsequently entered into  
24 an Interconnection Agreement dated August 1, 1985, with  
25 attached Service Schedule T dated August 1, 1985, to begin

1 wheeling to the disputed West Florida Electric Cooperative  
2 delivery points. Additional delivery points have been added over  
3 the years. As I have indicated, this agreement was replaced  
4 effective January 1, 1999, with service under the Southern Open  
5 Access Transmission Tariff.

6 Q: What is the significance of this background?

7 A: There is a serious inconsistency in Gulf Power's position in that  
8 case and in this one. There Gulf Power agreed to wheel for AEC  
9 as an alternative to its building additional transmission lines into  
10 Florida in 1985. But now in this case, Gulf appears reluctant to  
11 wheel for AEC to serve this load and prevent uneconomic  
12 duplication of facilities. Instead, Gulf appears to reverse its  
13 position and to refuse to acknowledge that AEC is entitled to serve  
14 this load through wheeling under the Southern Open Access  
15 Transmission Tariff. In fact, in its original filing in this case (Joint  
16 Petition for Declaratory Statement, February 26, 2001) Gulf  
17 alleged that it is the only party capable of serving this load  
18 because AEC did not have 230kV facilities nearby and would have  
19 to build them from Alabama. This claim utterly ignores Southern's  
20 obligation to wheel pursuant to its Open Access Transmission  
21 Tariff. In this day of open access, it is distressing that a dominant  
22 transmission owner would attempt to use its transmission  
23 ownership improperly to gain a competitive advantage.

24 Q: Can you obtain transmission service under your open access  
25 arrangement with Southern Company to serve the additional load

1 at Station 13-A?

2 A: Yes. We believe we can, even though Southern and Gulf have so  
3 far been reluctant to acknowledge this obligation to wheel.

4 Q: What has been your experience obtaining new delivery points  
5 from the transmission systems of Gulf and Alabama prior to taking  
6 service under the Open Access Tariff and since?

7 A: We have added new delivery points routinely under our old  
8 transmission arrangement with Alabama Power and Gulf Power  
9 Company as well as new ones under the Southern Company  
10 Open Access Transmission Tariff.

11 Q: What about loads such as this one in dispute?

12 A: One such situation came up in Alabama since we have been on  
13 the Southern Open Access Transmission Tariff involving service  
14 by one of our member systems to a new Honda auto  
15 manufacturing facility near Talladega, Alabama. We applied for  
16 transmission service to our member system in the process of its  
17 efforts to serve the load. Southern stalled in providing answers  
18 and studies and questioned whether it could be forced to wheel to  
19 help our member to serve such a load, alleging that it might be  
20 "retail wheeling." Southern finally agreed to provide the service we  
21 requested.

22 Q: Does that experience lead you to believe that the same service  
23 can or should be provided by Southern to serve this load at  
24 Station 13-A for AEC and West Florida Electric Cooperative?

25 A: Yes.



1 Q: Have you applied to Southern for transmission service to this  
2 load?

3 A: Yes. We made application for consideration of a new delivery  
4 point for this load under our Southern Company Open Access  
5 Tariff by letter dated March 8, 2001.

6 Q: What about the access issue?

7 A: As it did in the Honda situation, Southern's response to this load  
8 raised the question of "retail wheeling" and whether it had to wheel  
9 under the Tariff. We went through the same issues with Southern  
10 on the Honda situation and they finally agreed to provide the  
11 service. Here we wrote them on June 18, 2001, and challenged  
12 their "retail wheeling" issue, Exhibit \_\_\_\_\_ (JP-1). We cited the  
13 Honda situation in Alabama, virtually identical to this one in  
14 Florida, where they initially raised the "retail wheeling" issue.  
15 When we challenged Southern on this issue, its eventual  
16 response was that Southern would provide the service. The  
17 circumstances are the same in this case and Southern's response  
18 of June 28, 2001, attached as Exhibit \_\_\_\_\_ (JP-2), states, "An  
19 important issue in this determination seems to be whether AEC  
20 may utilize transmission or distribution facilities that it owns or  
21 controls to serve the Hinson's Crossroads retail load." Southern  
22 alleges they consented in the Honda situation because "AEC  
23 would own or control facilities and would qualify as an Eligible  
24 Customer."

25 Q: What is your reaction to Southern's position?

1 A: It was Southern's position in the Honda situation all along that  
2 AEC would have to build and own all of the new transmission  
3 facilities, several miles of line, from the Alabama Power system to  
4 serve the Honda load, and it was clear that AEC or its member  
5 system would own the substation. Southern knew all along that  
6 would be the case. Southern knows that AEC will own or control  
7 the facilities constructed from Gulf Power's 230Kv system, but it  
8 may be trying to keep an element of doubt about whether it will  
9 provide this service. In any case, AEC stated at the pre-hearing  
10 conference in the case, although Gulf Power is building the 230kV  
11 line and substation to serve the load, AEC and West Florida, if  
12 West Florida is awarded this load, would purchase those facilities  
13 from Gulf and own and operate them. West Florida would own the  
14 substation, and AEC would own the transmission. Based upon  
15 Southern's letter of June 28, 2001, it seems clear that Southern  
16 will have to acknowledge that it will provide the transmission  
17 service under those circumstances.

18 Q: Are there other reasons in Southern's response that lead you to  
19 believe Southern should or could provide this service?

20 A: Yes. Southern's June 28, 2001, letter also indicates that the  
21 service could be provided "pursuant to a state requirement" or  
22 "pursuant to a voluntary offer of such service by the Transmission  
23 Provider." This Commission's December 21, 1984, order in the old  
24 case that led to the AEC interconnection and wheeling agreement  
25 with Gulf Power stated, "that the Commission's authority to order

1 wheeling, pursuant to the Grid Bill, is not preempted by the  
2 FERC.” Finally, Gulf clearly may consent to the wheeling instead  
3 of trying to use its transmission ownership position to preempt  
4 service to this load.

5 Q: What further communications have you had with the Southern  
6 transmission group?

7 A: We finally sent them another letter on July 18, 2001, providing  
8 more details for them to study in connection with this service. We  
9 analyzed the information provided in discovery by Gulf and Enron.  
10 We learned that the service will apparently be from a radial single  
11 circuit 230kV line and that Gulf Power expects to own the  
12 substation. Gulf continued to stonewall on certain key items of  
13 information. For example, Gulf refused to respond to West  
14 Florida’s First Request for Production of Documents Items 13 and  
15 14. Item 13 requested demand and energy by months for all years  
16 of the contract with ECS. Gulf refused to supply it as “confidential,  
17 proprietary, business information.” Of course, the load information  
18 is important in a study request to evaluate the capability of the  
19 transmission system to serve it reliably.

20 Q: Are there other reasons you needed the load information?

21 A: Yes. This information is needed by AEC and West Florida in  
22 determining any evaluation of the economics of the load,  
23 investment required, such as size and cost of substation  
24 transformers, switches or circuit breakers, and whether or not to  
25 request a contribution in aid of construction. Gulf Power’s attorney

1 at the pre-hearing conference indicated that Gulf waived a  
2 contribution in aid of construction because of commitments by  
3 ECS to future load growth. However, Gulf refuses to provide the  
4 initial or future loads expected at Station 13-A. This refusal has  
5 the result of hindering study and testimony in this case. We  
6 assumed a load of 18 MW in our transmission request to Southern  
7 based upon information in the discovery and Gulf's demand that  
8 West Florida calculate a rate based upon an 18 MW load.

9 Q: What did you request the Southern Company to study?

10 A: We asked Southern to study serving this load at 18 MW from Gulf  
11 Power's nearby 230kV or 115kV lines. We also asked that it be  
12 studied for across the line starting or reduced voltage starting of  
13 the motors from Gulf Power's 115kV or 230kV system.

14 Q: Have you studied service for this load from the AEC system?

15 A: No.

16 Q: Why not?

17 A: AEC has a 115kV line in the area, but it is further away with, I  
18 understand, more difficult right-of-way. It may very well be that this  
19 load is difficult to serve from either Gulf Power's or AEC's 115kV  
20 lines with that size load and starting characteristics. ECS has  
21 signed a contract with Gulf. Gulf is proceeding with the 230kV  
22 service. We can only assume that the service will be provided at  
23 230kV. We have stated and state again that AEC is willing to  
24 acquire Gulf's facilities and use them to serve the load while  
25 wheeling through the Southern Company Open Access Tariff.

1 Q: Do you have any cost estimates for AEC service to this load?

2 A: No, for the same reasons. We have not estimated the cost to build  
3 230kV from Alabama as Gulf apparently might contend that we  
4 should. We have not estimated the cost to build from Gulf's 230kV  
5 line or 115kV line. Neither have we estimated the cost to build  
6 from AEC's nearby 115kV line. Gulf and ECS have made  
7 commitments to the 230kV service, and we do not plan to interfere  
8 with that. There is no reason service can't be provided by AEC if  
9 Gulf Power completes those facilities in a timely manner.

10 Q: Do you agree with Southern's contentions in its letter of June 28,  
11 2001, regarding the "retail wheeling" issue?

12 A: No.

13 Q: Why not?

14 A: There is no basis to argue that this is "retail wheeling." AEC  
15 provides wholesale power to West Florida Electric Cooperative,  
16 which includes generating capacity and energy as well as  
17 transmission service. The transmission service may be provided  
18 directly from AEC's facilities or wheeled through Southern. West  
19 Florida Electric Cooperative is the wholesale customer of AEC.  
20 This load would be a retail load of West Florida Electric  
21 Cooperative. West Florida and AEC will own facilities between  
22 the customer and the Southern/Gulf Power transmission facilities.

23 Q: Does this conclude your testimony?

24 A: Yes, up to this point. I may have additional points to make if Gulf  
25 or FGT/Enron or ECS provides us with the information requested.

**AFFIDAVIT**

STATE OF ALABAMA

COUNTY OF COVINGTON

BEFORE ME, the undersigned authority personally appeared JEFF PARISH, 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.

Jeff Parish  
Jeff Parish

Sworn to and subscribed before me this 21<sup>st</sup> day of July, 2001.

Carol A. Welch  
Notary Public, State of Alabama  
Print Name: Carol A. Welch  
Commission Number:  
Commission Expiration Date: August 3, 2001

Alabama Electric Cooperative, Inc.  
Post Office Box 550  
Andalusia, Alabama 36420  
Phone: (334) 427-3454  
Fax: (334) 222-7785

Exhibit \_\_\_\_ (JP-1)

(A composite of 2 pages)

Jeff Parish  
Vice President  
Bulk Power & Delivery  
jeff.parish@powersouth.com

**COOPERATIVE**  
A Touchstone Energy<sup>®</sup> Cooperative 

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June 18, 2001

Mr. John Lucas  
Manager, Transmission Services  
Southern Company Services, Inc.  
600 North 18<sup>th</sup> Street  
P. O. Box 2625  
Birmingham, AL 35202

RE: Hinson's Crossroads Request

Dear John:

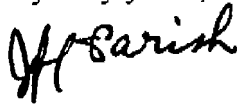
On March 8, 2001, we wrote requesting that you study service to a potential load at Hinson's Crossroads. You responded on May 4, 2001, raising the "retail wheeling" issue and requesting further information. We provided the information that you requested in my letter of May 10, 2001.

I am puzzled by the retail wheeling issue raised in your letter of May 4. We see no difference in the circumstances here from those in the Honda situation. You repeatedly raised this issue in our request to study transmission service to support a member's service to the Honda load in Alabama — for example, in your letter of December 7, 1999. In my letter of December 10, 1999, we asked that you either confirm that you would not refuse the service to Honda should it be requested or state your basis for your refusal to provide the service. Your response of February 18, 2000, said the service would be provided if we sign an amendment to our existing agreement to add the new delivery point and pay the cost. As I indicated in Attachment A to my letter of May 10, the Hinson's Crossroads load would be retail load of West Florida Electric Cooperative, an AEC member-owner. The transmission service from Southern would be for wholesale service by AEC to its member. As we previously discussed, a similar situation exists in Mississippi where the Southern OAT Tariff is being used for wholesale service to support a retail load of a member distribution cooperative of South Mississippi Electric Power Association. Given the long history of wholesale transmission service by Alabama Power Company, Gulf Power Company and pursuant to the Southern OAT to AEC to serve its members, we find it implausible that the present request could raise a "retail wheeling" issue.

Mr. John Lucas  
Page 2  
June 18, 2001

John, under the circumstances we request that you acknowledge that "retail wheeling" is not a factor in our current request and that you are willing to provide the service if requested, or state clearly why you will not provide the service and the reasons. We request that you respond by June 28, 2001.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeff Parish". The signature is written in a cursive, slightly slanted style.

Jeff Parish  
Vice President, Bulk Power &  
Delivery

JP/ccw



John E. Lucas  
Manager  
Transmission Services

**Southern Company  
Services, Inc.**  
600 North 18th Street  
Post Office Box 2625  
Birmingham, Alabama 35202  
  
Tel 205.257.7200  
Fax 205.257.6663

Exhibit \_\_\_\_\_ (JP-2)

(A composite of 2 pages)



June 28, 2001

Mr. Jeff Parish  
Vice President  
Bulk Power & Delivery  
Alabama Electric Cooperative, Inc.  
Post Office Box 550  
Andalusia, Alabama 36420

Re: Hinson's Crossroads

Dear Jeff:

I have received your letter dated June 18, 2001 regarding the Hinson's Crossroads transmission service request of AEC. Your letter indicates that you are "puzzled" by our retail wheeling concerns and asks that we acknowledge that retail wheeling is not an issue in the Hinson's Crossroads transmission service request. By means of this letter, I will try to resolve your confusion.

At the outset, let me emphasize that we are certainly willing to provide transmission service to AEC consistent with the terms and conditions of our Open Access Transmission Tariff. AEC is a valued transmission customer of Southern Companies, and we would like to provide transmission service to accommodate your business plans. The issue that we are trying to resolve is whether the request complies with the Tariff.

Sections 211 and 212 of the Federal Power Act gave FERC certain authority to order the provision of wholesale transmission service. Section 212 (h) expressly prohibits FERC from mandating the provision of retail transmission service. That Section provides that no order shall be issued that would require the transmission provider to transmit power directly to an ultimate consumer. It also forbids FERC from ordering wheeling to or for an entity that would sell directly to an ultimate consumer unless certain requirements are met. Notably those requirements include: (i) that the entity was providing electric service to the ultimate consumer on the date of enactment of the Section or (ii) that the entity will "utilize transmission or distribution facilities that it owns or controls to deliver all such electric energy to such electric consumer."

Southern Companies provide transmission service to AEC under their Tariff on file with FERC, and not Sections 211 and 212 of the Federal Power Act. Nonetheless, compliance with Section 212 (h) is a consideration because the Tariff references that

Mr. Jeff Parish  
June 28, 2001  
Page 2

statutory limitation. Specifically, Section 1.11 of the Tariff defines Eligible Customer and states, in pertinent part, as follows:

[W]ith respect to transmission service that the Commission is prohibited from ordering by Section 212 (h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

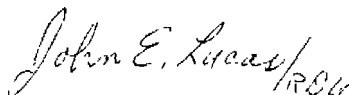
Thus, the Tariff excludes retail transmission service unless it is required by the state or is voluntarily provided. I am not aware of any such service being provided under our Tariff.

Southern Companies have not taken a position on whether the service that AEC is requesting is or is not retail transmission service. Instead, we are trying to understand how your request comports with the Tariff, and in particular Section 1.11. An important issue in this determination seems to be whether AEC will utilize transmission or distribution facilities that it owns or controls to serve the Hinson's Crossroads retail load. To date, you have not provided a clear indication that AEC will own or control such facilities. This is the type of information that we are requesting from you.

Finally, your letter references AEC's request for transmission service to support one of your member's service to Honda. You acknowledge that Southern Companies raised the retail wheeling issue, but you seem to imply that we ignored that concern in a letter dated February 18, 2000. That is not the case. Enclosed with the letter was a Facilities Study that expressly referenced Southern Companies' understanding that AEC would design and construct certain transmission facilities beyond the point of delivery from Southern Companies' transmission system that would be used to serve the Honda load. In short, we understood that AEC would own or control facilities and would qualify as an Eligible Customer.

I hope that this explanation clarifies our position and that you will provide the requested clarification. If you have any questions concerning this letter, please feel free to contact us.

Sincerely,



John E. Lucas