

One Energy Place  
Pensacola, Florida 32520

Tel 850.444.6111



August 21, 2001

Ms. Blanca S. Bayo, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Re: Docket No. 010441-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Prehearing Statement to be filed in the above docket:

Also enclosed is a 3.5 inch double sided, high density diskette containing the Statement in Word 97 format as prepared on a Windows NT based computer.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition to resolve territorial dispute  
with Gulf Power Company in Washington  
County by West Florida Electric  
Cooperative Association, Inc.

Docket No. 010441-EU  
Date Filed: August 22, 2001

**PREHEARING STATEMENT OF GULF POWER COMPANY**

Gulf Power Company, (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned attorneys, and pursuant to Order No. PSC-01-1354-PCO-EI as modified by Order PSC-01-1476-PCO-EU and Rule 25-22.038(3), Florida Administrative Code, files this prehearing statement, saying:

**A. APPEARANCES**

JEFFREY A. STONE, Esquire, and RUSSELL A. BADDERS,  
Esquire, of Beggs & Lane, 700 Blount Building, 3 West Garden  
Street, P.O. Box 12950, Pensacola, FL 32576-2950  
On behalf of Gulf Power Company.

**B. WITNESSES**<sup>1</sup>

<u>Witness Name</u>	<u>Subject Matter</u>	<u>Issues</u>
<b>(Direct)</b>		
1. T. S. Anthony	ECS Choice of electric provider	2, 7, 10
2. M. W. "Bill" Howell	Technical aspect of service to 13A. Facilities needed to serve 13A and cost of providing those facilities	3, 4, 5, 8, 9, 10
3. T. S. Spangenberg	Boundaries of disputed area, nature of area, future expectations for area, uneconomic duplication, policy	1, 2, 3, 4, 6, 7, 8, 10
<b>(Rebuttal)</b>		
1. M. W. "Bill" Howell	rebuttal to direct testimony of WFEC witness Parish	9
2. T. S. Spangenberg	rebuttal to direct testimony of WFEC witnesses Rimes, Clark, Dunaway and Perry	1, 2, 6, 7, 8

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<sup>1</sup> This section of Gulf's prehearing statement is intended to comply with that portion of the order establishing procedure requiring "... (a) The name of all known witnesses that may be called by the party, and the subject matter of their testimony ...".

**C. EXHIBITS**<sup>2</sup>

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
T. S. Anthony	Gulf	(TSA-1) _____	Joint Petition of Enron Compression Services Company and Gulf Power Company in Docket No. 010265-EI
<u>Rebuttal</u>			
T. S. Spangenberg	Gulf	(TSS-1) _____	Copy of affidavit from Chris Hilgert regarding relationship of ECS and FGT as provided to Gulf by WFEC in the course of discovery
T. S. Spangenberg	Gulf	(TSS-2) _____	Copy of letter from Enron to WFEC dated 12/22/95 as provided to Gulf by WFEC in the course of discovery

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<sup>2</sup> This section of Gulf's prehearing statement is intended to comply with that portion of the order establishing procedure requiring "... (b) a description of all known exhibits, that may be used by the party, whether they may be identified on a composite basis, and the witness sponsoring each ...".

#### **D. STATEMENT OF BASIC POSITION**<sup>3</sup>

##### **Gulf Power Company's Statement of Basic Position:**

Enron Compression Services Company ("ECS") has chosen Gulf Power Company to provide electric service to the new ECS electric load at Station 13A. Gulf has the only source in the area capable of providing adequate service to the two 15,000 horsepower motors that will comprise the ECS electric load at Station 13A. Gulf's planned construction to serve this new electric load as requested by the customer does not uneconomically duplicate any facilities belonging to either West Florida Electric Cooperative or Alabama Electric Cooperative. Under the circumstances of this case, the customer's choice of Gulf Power as the electric supplier for Station 13A should be honored by this Commission and Gulf should be granted the right to provide service to this new electric load.

#### **E. STATEMENT OF ISSUES AND POSITIONS**<sup>4</sup>

**ISSUE 1:** What are the boundaries of the service area that is the subject of this territorial dispute?

**GULF:** Enron Compression Services ("ECS") Station 13A which is located adjacent to Florida Gas Transmission's existing Station 13 site in Washington County, Florida. (Spangenberg)

**ISSUE 2:** What conditions have caused the dispute?

**GULF:** Gulf Power successfully reached an agreement with ECS to serve the new electric driven compression at Station 13A. West Florida Electric Cooperative ("WFEC") objects to ECS's choice of Gulf to serve Station 13A despite the fact that ECS contacted both Gulf Power and WFEC in 1998 regarding Station 13A, but

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<sup>3</sup> This section of Gulf's prehearing statement is intended to comply with that portion of the order establishing procedure requiring "... (c) a statement of basic position in the proceeding ...".

<sup>4</sup> This section of Gulf's prehearing statement is intended to comply with that portion of the order establishing procedure requiring "... (d) a statement of each question of fact the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue; (e) a statement of each question of law the party considers at issue and the party's position on each such issue; [and] (f) a statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue ...". The issues listed in this section were developed by the parties at an issue identification meeting held in June.

received sincere interest from only Gulf Power. Gulf's efforts over a two-year period of time led to ECS deciding to install electric driven compression in lieu of gas driven compression and ultimately an agreement between Gulf and ECS for Gulf to serve the new electric driven compression. (Anthony, Spangenberg)

**ISSUE 3:** What is the existing and planned load to be served in the disputed area?

**GULF:** Gulf Power has received a request for electric service from ECS to serve two 15,000 horsepower electric motors that will be started "across the line". No utility currently provides electric service to Station 13A and there are no customers in that area. Gulf knows of no future planned load within the disputed area. (Howell, Spangenberg)

**ISSUE 4:** What is the estimated incremental cost for electric utility facilities to adequately and reliably serve the planned load in the disputed area?

**GULF:** The operating characteristics of the load for which Gulf has received a request to serve requires a 230 kV transmission line as a source. Gulf has the only 230 kV source capable of providing such service to Station 13A. The extension of facilities necessary to serve Station 13A include: (1) a three terminal switching station at the interconnection point with the Smith –Shoal River 230 kV line, (2) a 230/12.47 kV distribution substation at Station 13A, and (3) a single circuit 230 kV transmission line connecting the facilities in (1) and (2). The total estimated incremental cost to serve the load at Station 13A is \$5.5 million. (Howell, Spangenberg)

**ISSUE 5:** Are the planned electrical facility additions and other utility services to be provided within the disputed area reasonably expected to cause a decline in the reliability of service to existing and future utility customers?

**GULF:** No. (Howell)

**ISSUE 6:** What is the nature of the disputed area with respect to its population, the type of utilities seeking to serve it, degree of urbanization, proximity to other urban areas, and the present and reasonably foreseeable future requirements of the area for other utility services?

**GULF:** Station 13A is an industrial site located in a rural setting with no existing or foreseeable population. The site of Station 13A is approximately 10 miles from the urban centers of Caryville, Bonifay, and Vernon, Florida, all of which receive their electric service from Gulf Power. This case involves two electric utilities who are competing to serve Station 13A, West Florida Electric Cooperative and Gulf Power Company. Gulf is an investor-owned electric utility subject to the full jurisdiction of the Florida Public Service Commission ("FPSC") pursuant to Chapter 366, Florida Statutes. WFEC is a cooperative organized under Chapter 425, Florida Statutes with the FPSC having only limited jurisdiction over its provision of electric service. To the best of Gulf's knowledge, there are no present and reasonably foreseeable future requirements in the disputed area for other utility services. (Spangenberg)

**ISSUE 7:** What utility does the customer prefer to serve the disputed area?

**GULF:** ECS prefers and has chosen to receive electric service for Station 13A from Gulf Power as evidenced by the signed contract for electric service between ECS and Gulf Power, dated February 13, 2001. (Anthony, Spangenberg)

**ISSUE 8:** Will the actions of either West Florida or Gulf Power cause uneconomic duplication of electric facilities with regard to serving the load in the disputed area?

**GULF:** No. The operating characteristics of the load for which Gulf has received ECS's request to serve requires a 230-kV transmission line as a source. Gulf has the only existing 230 kV source capable of providing such service to Station 13A. Each utility must originate its extension of facilities to serve Station 13A from the same general area of this same transmission line. In this instance, no duplication of facilities, much less uneconomic duplication of facilities, could result from Gulf providing service to Station 13A. (Howell, Spangenberg)

**ISSUE 9:** Does West Florida have the right of access, through its wholesale power provider or otherwise, to the same transmission facilities that Gulf proposes to tie into to provide service to the disputed area?

**GULF:** West Florida Electric Cooperative, through its wholesale electric supplier, does have a right to access Gulf's 230 kV transmission system in the area provided that WFEC and/or AEC comply with the terms and conditions of the Open Access Transmission Tariff of Southern Companies. (Howell)

**ISSUE 10:** Which utility should be awarded the right to serve the service area that is the subject of this territorial dispute?

**GULF:** No uneconomic duplication of facilities will occur if Gulf provides the electric service to Station 13A. No other factors exist favoring either utility over the other with respect to serving Station 13A. The customer's choice of Gulf Power as its electric supplier for Station 13A should therefore be controlling in this case and the right to serve Station 13A be awarded to Gulf. (Anthony, Howell, Spangenberg)

#### **F. STIPULATED ISSUES**<sup>5</sup>

**GULF:** Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

#### **G. PENDING MOTIONS**<sup>6</sup>

**GULF:** None at this time. A Request for Confidential Classification will be filed within the time set forth by Commission rule, if Staff determines that it wishes to retain Gulf's discovery responses filed under a Notice of Intent to Request Confidential Classification on August 14, 2001.

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<sup>5</sup> This section of Gulf's prehearing statement is intended to comply with that portion of the order establishing procedure requiring ". . . (g) a statement of issues that have been stipulated to by the parties . . .".

<sup>6</sup> This section of Gulf's prehearing statement is intended to comply with that portion of the order establishing procedure requiring ". . . (h) a statement of all pending motions or other matters the party seeks action upon; [and] (i) a statement identifying the parties' pending requests or claims for confidentiality . . .".

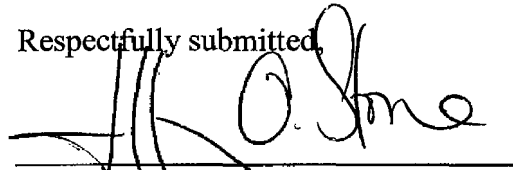


**H. OTHER MATTERS**<sup>7</sup>

**GULF:** To the best knowledge of counsel, Gulf has complied, or is able to comply, with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearing set for September 19, 2001, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 21st day of August, 2001.

Respectfully submitted,



**JEFFREY A. STONE**

Florida Bar No. 323953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**Beggs & Lane**

P. O. Box 12950

(700 Blount Building)

Pensacola, FL 32576-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

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<sup>7</sup> This section of Gulf's prehearing statement is intended to comply with that portion of the order establishing procedure requiring notice by the prehearing conference of a party's intent to use proprietary confidential business information at the hearing and "... (j) a statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore."

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. )  
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Certificate of Service

this 21<sup>st</sup> I HEREBY CERTIFY that a copy of the foregoing has been furnished  
day of August 2001 by U.S. Mail or hand delivery to the following:

Marlene Stern, Esquire  
Staff Counsel  
FL Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0863

John Haswell, Esquire  
Chandler, Lang, Haswell,  
& Cole, P.A.  
211 N.E. 1<sup>st</sup> Street  
P. O. Box 23879  
Gainesville FL 32602

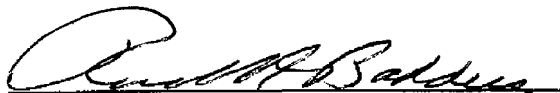
Richard Bellak, Esquire  
Associate General Counsel  
FL Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0863

Gerald Nemeč  
Enron Compression Services Company  
1400 Smith Street  
Houston, TX 77002-7361

Bill L. Bryant, Jr., Esquire  
Katz, Kutter, Haigler, Alderman,  
Bryant & Yon, P.A.  
106 E. College Avenue, Suite 1200  
Tallahassee FL 32301

Frank E. Bondurant, Esquire  
P.O. Box 854  
Marianna, FL 32447

Mr. William S. Rimes  
P. O. Box 127  
Graceville, FL 32440



JEFFREY A. STONE  
Florida Bar No. 325953  
RUSSELL A. BADDERS  
Florida Bar No. 0007455  
Beggs & Lane  
P. O. Box 12950  
Pensacola FL 32576  
850 432-2451  
Attorneys for Gulf Power Company