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September 18, 2001

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COMMISSION
CLERK

Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: In Re: Territorial Dispute Between West Florida Electric Cooperative
Association, Inc. and Gulf Power Company in Washington County, Florida
Docket No.: 010441-EU

Dear Ms. Bayo:

I am enclosing herewith an original and seven (7) copies of West Florida Electric
Cooperative Association, Inc.'s Notice of Filing of Depositions, together with the original and fifteen
(15) copies of the Depositions of T.S. Anthony, M.W. Howell and T.S. Spangenberg, Jr., to be filed
on behalf of West Florida in connection with the above-referenced matter.

I am also enclosing a copy of this letter as an acknowledgement copy and would appreciate
it if you would file stamp it and return it to me in the enclosed self-addressed/stamped envelope as
an acknowledgement of the date the above document was filed. Please call me if you have any
questions regarding this matter.

Very truly yours,

John H. Haswell

JHH/daj
Enclosures

cc: All parties of record

- APP _____
 - CAF _____
 - CMP _____
 - COM _____
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1164 | SEP 18 01

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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: September 18, 2001

NOTICE OF FILING OF DEPOSITIONS

TO: Jeffrey A. Stone, Esquire
Russell A. Badders, Esquire
Beggs & Lane
3 West Garden Street
700 Blount Building
Pensacola, Florida 32501

Marlene Stern, Esquire
Robert Elias, Esquire
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

PLEASE TAKE NOTICE that West Florida Electric Cooperative Association, Inc. has filed the depositions of Gulf Power witnesses T.S. Anthony, M. W. Howell, and T.S. Spangenberg, Jr., for consideration by the Commission on matters pending before the Commission.

Respectfully submitted,



John H. Haswell, Esquire
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and

DOCUMENT NUMBER-DATE

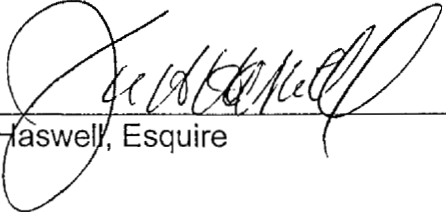
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FPSC-COMMISSION CLERK

Frank E. Bondurant, Esquire
Post Office Box 854
Marianna, Florida 32447
(850) 526-2263 telephone
(850) 526-5947 facsimile

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to: Jeffrey A. Stone, Esquire and Russell A. Badders, Esquire, Beggs & Lane, 3 West Garden Street, 700 Blount Building (32501), Post Office Box 12950, Pensacola, Florida 32576-2950; Robert Elias, Esquire and Marlene Stern, Esquire, Legal Division, Florida Public Service Commission, Capital Circle Office Center, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by Fax and U.S. Mail, this 17th day of September, 2001.



John H. Haswell, Esquire

cc: Bill L. Bryant, Jr.

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

DEPOSITION OF: T. S. SPANGENBERG, JR.

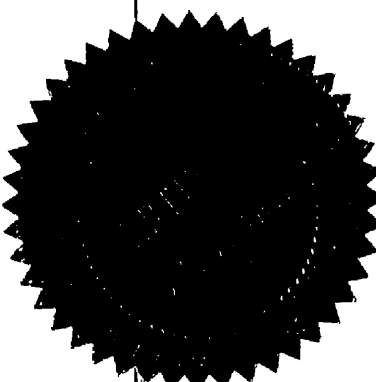
TAKEN AT THE INSTANCE OF: West Florida Electric
Cooperative Association

PLACE: Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Room 154
Tallahassee, Florida

TIME: Commenced at 10:51 a.m.
Concluded at 11:32 a.m.

DATE: September 6, 2001

REPORTED BY: MARY ALLEN NEEL, RPR
Notary Public, State
of Florida at Large



ACCURATE STENOTYPE REPORTERS, INC.
100 SALEM COURT
TALLAHASSEE, FLORIDA 32301
(850) 878-2221

APPEARANCES:

JOHN H. HASWELL, Chandler, Lang, Haswell & Cole,
P.A., 211 N.E. First Street, Gainesville, Florida
32601, on behalf of West Florida Electric Cooperative
Association, Inc.

RUSSELL A. BADDERS, Beggs & Lane, 3 West Garden
Street, Pensacola, Florida 32501, on behalf of Gulf
Power Company.

MARLENE STERN, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850, on behalf of the Commission
Staff.

ALSO PRESENT:

T. S. ANTHONY
JIM BREMAN
GARY CLARK
ELISABETH DRAPER
M. W. HOWELL
DANIEL LEE
JEFF PARRISH
DAVID WHEELER

I N D E X

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing is not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

1 Thereupon,

2 T. S. SPANGENBERG, JR.

3 appeared as a witness and, after being duly sworn by
4 the court reporter, testified as follows:

5 EXAMINATION

6 BY MR. HASWELL:

7 Q Could you please state your name and
8 occupation, sir?

9 A I am Theodore Sanders Spangenberg, Jr.,
10 otherwise known as Ted. I am the district manager for
11 Gulf Power Company for the Panama City District.

12 Q And you are the same T. S. Spangenberg who
13 has filed direct and rebuttal testimony in this
14 proceeding; is that correct?

15 A That's correct.

16 Q Do you have any changes or corrections to
17 your testimony that you expect to file or have before
18 the hearing?

19 A I think we found one typographical error on
20 page 9 of my rebuttal. On line 2, the word "right"
21 should be "rife." But otherwise, other than any
22 typographical I may not have discovered yet, I know of
23 no other errors in my testimony.

24 Q I'm sorry. What line was that?

25 A The rebuttal testimony, page 9, line 2.

1 Q Okay. Mr. Spangenberg, on page 2 of your
2 testimony, you refer to the boundaries of the disputed
3 area.

4 A Is this my direct or rebuttal?

5 Q Direct. As the, quote, confines of the
6 equipment, end quote. What do you mean by confines of
7 the equipment?

8 A I mean the physical footprint of the
9 electrical load that Gulf Power has been asked to
10 serve, that being Station 13A, those compressor
11 motors.

12 Q Have you seen Exhibit GC-5 attached to
13 Mr. Clark's testimony showing a diagram of Florida Gas
14 Transmission's Station 13 with apparently the
15 additional stuff?

16 A Yes, I have.

17 Q Where would you say Station 13A, if you
18 know, would be on that diagram?

19 A I know this won't pick up well on that
20 recording, but I would say the location here of these
21 two compressor motors.

22 Q So the two -- the diagram which apparently
23 shows two compressor motors just south of the new road
24 and west of the substation?

25 A Yes. And you could subjectively determine

1 whether you wanted to include the substation or not.
2 But since the substation is the responsibility of Gulf
3 Power Company, it would be the area here immediately
4 adjacent to the substation and adjacent to Station
5 13A. But it would be these two compressor motors.

6 Q So it's just the actual equipment that you
7 would define as the disputed area?

8 A Yes, because in this case, really what
9 you're serving is a customer rather than a big
10 geographical area. We have a customer that has
11 requested service from us which we have an obligation
12 to serve, and so that's what's being served, is that
13 customer -- or to be served, I guess.

14 Q So the customer's electric facilities is
15 what -- wherever the electricity runs through is your
16 view of where the disputed area is?

17 A Yes. In this case, it's however ECS wants
18 to define site 13A as the facilities to be served. In
19 other words, the confines of where we expect to
20 deliver electrical service would be what's being
21 served.

22 Q Okay. So if, for example, Florida Power
23 Corporation were serving Mr. Jones on his 100-acre
24 farm at the north end where his house is, that
25 wouldn't mean that FPC was serving the whole farm?

1 A That's correct. They would be serving
2 whatever they're serving, whether it's the barn or the
3 house or whatever. In fact, there are examples where
4 you have one utility on one side of a farm or a
5 complex serving one customer, and you've got another
6 utility on the other side serving another customer or
7 load, perhaps all owned by the same entity, by the
8 same farmer, or whatever.

9 Q Well, let's just say, for example -- I'm
10 trying to understand your idea of confines of the
11 equipment and the rest of your testimony. Mrs. Jones
12 decides she wants to put an addition on the house.
13 Mrs. Jones is not a customer of Gulf Power or Florida
14 Power Corporation. Let's say FPC is serving the
15 farm. Mrs. Jones likes Gulf Power, so asks for
16 service for her addition from Gulf Power. Under your
17 scenario, she would be entitled to get service from
18 Gulf Power; is that correct?

19 A No, I don't believe that's correct.
20 Typically an addition to a house is served under the
21 same meter, through the same service entrance.
22 Therefore, it does not constitute what I call a
23 separately metered load.

24 Q Let's say she put in a separate meter, she
25 wanted a separate meter, and it was physically

1 separated from the house by three or four feet.

2 A If she asked us to serve that, and if we
3 could serve it without uneconomically duplicating the
4 facilities of another utility, we would be obligated
5 to honor that request for service.

6 Q Again, to make sure I understand this,
7 service areas of Gulf Power or your historic service
8 area would mean then, following your testimony, only
9 those areas where there are actual customer facilities
10 located, facilities that use electricity; is that
11 correct?

12 A I don't know that we have ever -- I don't
13 designate -- Gulf Power has not designated necessarily
14 a service territory. Gulf Power does not have a
15 certificated service territory. We have an obligation
16 to serve customers who request service. At the
17 wildest extreme, the only place that we would not be
18 honored or required to consider a request for service
19 would be a small area in south Walton County where we
20 have a territorial agreement with another utility
21 where they have exclusive service rights for that
22 area. But otherwise, basically, anybody in Florida
23 who comes and asks for service, we have an obligation
24 to look at that request and consider whether or not it
25 would uneconomically duplicate anybody else's

1 facilities. To do otherwise would in fact constitute
2 a division of markets, which is, of course, contrary
3 to antitrust law.

4 Q So Gulf Power's position is that service
5 areas are not property boundaries and are not
6 fenced-in areas? It's just the customer's facilities?

7 A That's correct.

8 Q Can you cite any instance where your view
9 of this particular disputed area or an example of it
10 has been approved, accepted, or adopted by the
11 Commission, i.e., a footprint of just the facilities
12 themselves?

13 A Specifically approved by the Commission?
14 Is that your question?

15 Q Has been approved, accepted, or adopted.

16 A I guess I cited one example in my rebuttal
17 testimony that I believe is a specific example of
18 that, where in fact your client, West Florida Electric
19 Cooperative, is serving one piece of a farm and we
20 were asked and provided service to another piece of
21 the farm. They're right there you might say adjacent
22 to each other. Certainly no one has objected to that
23 service, so in that sense, the Commission has allowed
24 it. In fact, your own client was a party to asking us
25 to provide that service.

1 Q And what -- well, let me just jump to
2 that. Where your rebuttal testimony is that? I must
3 have missed it.

4 A Page 9 -- no, that's not it. Give us just
5 a moment.

6 On page 3, if you'll look at the top, lines
7 1 through 9, or 2 through 9 give an example of that.

8 Q So in your view, this is an example of a
9 footprint?

10 A Yes. In that case, as I understand it,
11 West Florida Electric Cooperative actually serves the
12 house and other facilities of the farmer, which would
13 constitute the footprint for that. We were asked to
14 provide service to another load.

15 And the point here is that electric
16 utilities serve loads. They don't serve a piece of
17 dirt. They serve electrical loads.

18 Q Now, on page 2 of your direct testimony,
19 you refer to a more traditional situation. What do
20 you mean by more traditional? That means where you
21 don't use the footprint approach?

22 A No. I think even there, my reference there
23 was to a traditional thing where the footprint at that
24 point might be a collection of loads, for instance, a
25 100-lot subdivision. A developer comes in with a

1 100-lot subdivision, and he asks for service to that,
2 and perhaps that service becomes disputed. And in
3 that case, what happens is that if that development,
4 the service rights to that are awarded to one utility
5 or another, then that development might then become
6 the boundaries, because in that case it is a
7 collection perhaps of 100 different customer loads,
8 customers which then might be logically aggregated,
9 because that is a single development being put
10 together by a single developer. And each of those
11 customers in that development then would automatically
12 know because of the convenience provided by that
13 developer which utility they should go to to request
14 service.

15 Q So in that case, it would be a geographic
16 area that you would agree would be the service
17 territory?

18 A Yes. And in that instance, any electrical
19 load, to the extent that equipment sits on a specific
20 area, you could reduce to in fact an area. We could
21 come up with some parameters. We could do a survey
22 here of this and actually define an area. It would
23 still be the footprint of where that load is located.

24 Q Do you know whether west Florida serves an
25 end-use customer within the geographic area of the

1 property owned by Florida Gas Transmission where you
2 say that station 13A will be located?

3 A Is your question relative to the entire
4 property owned by Florida Gas Transmission?

5 Q Correct.

6 A Yes, I believe there is a customer, a
7 separate customer on that property, that customer
8 being Florida Gas Transmission Station 13 that is in
9 fact receiving electric service from West Florida
10 Electric Cooperative.

11 Q And on this diagram, station 13 would be
12 everything except these compressors?

13 A No, it would not be everything except
14 these compressors. It would then in that case be the
15 confines here of this equipment where it says existing
16 reciprocating compressors, and then they have this
17 utility building, and I believe all that is under a
18 single meter. So you would logically aggregate this
19 load into the confines of where those electric loads
20 are located as a single customer.

21 Q Now, earlier you said that the footprint of
22 station 13A would be -- or the disputed area, excuse
23 me, would be these compressors here.

24 A Yes.

25 Q So what about the area that you have not

1 included in your diagram? would that not be part of
2 any service area?

3 A No, because there are no customers there
4 receiving service of any type that I'm aware of.

5 Q So you don't know whether anybody is
6 providing electricity to any of this area?

7 A In fact, my own field survey says that
8 there is no electric consuming equipment there.
9 That's no metered service to any of that. Most of it
10 is bare ground.

11 Q All right. On page 3, line 23, you refer
12 to some facilities that are in close proximity or
13 immediately adjacent. would you agree that those
14 facilities are actually immediately adjacent to
15 Station 13?

16 A Well, I'm not sure that I would agree with
17 that. It depends on how you want to define
18 immediately adjacent, where you want to draw these
19 boundaries. Both for practical purposes, I will agree
20 that they are adjacent to each other.

21 Q What does Florida Gas Transmission do at
22 Station 13?

23 A I'm not familiar with all their operations
24 exactly. I know that I saw gas monitoring equipment,
25 pressure gauge equipment. I saw maintenance shop

1 facilities where they were working on pipeline
2 equipment, those types of things. Their maps indicate
3 some gas powered reciprocating compressors that they
4 would use to compress gas, using natural gas as a fuel
5 to operate those.

6 Q would you say that Station 13A is a
7 compression facility of Florida Gas Transmission?

8 A No, sir, I would not. Station 13A is a
9 compression facility operated by ECS.

10 Q I'm sorry. Station 13 is a compression
11 station of Florida Gas Transmission?

12 A Station 13, yes, I would say is a
13 compression station of theirs, as I said earlier,
14 fueled by natural gas.

15 Q You heard the testimony of Mr. Howell
16 earlier about whether or not Gulf Power would use any
17 of the facilities constructed to serve Station 13A.
18 Did you hear that testimony?

19 A Yes, sir, I did.

20 Q Do you agree with that what he said?

21 A One thing that I heard him fail to mention
22 is that you do have to check for service
23 characteristics. For instance, if in fact you did add
24 all the necessary equipment you would have to add to
25 serve additional customers -- and it would be a

1 substantial amount of equipment, because you're
2 talking about an entire additional distribution
3 transformer, breakers, protective devices -- the other
4 thing that you would have to watch for, because of the
5 -- depending on the proximity of this additional
6 transformer to the one that would be used to serve
7 13A, you know, we are talking some voltage dips here
8 upon starting of the compressor motors.

9 I don't think it was an oversight of
10 Mr. Howell. He just didn't go to that detail. You
11 would have to make sure that the voltage dip at the
12 230 line at that point right adjacent, you know, where
13 it serves -- the transformer serving Station 13A, make
14 sure that the voltage dip on motor starting was not
15 such that it gave an improper, too poor a quality of
16 service to any other customer being served right at
17 that same point off of the 230 line.

18 The further away you get from that point of
19 service along the 230 -- and this gets back to
20 Ms. Stern's question. The further away you get from
21 that tap point, then the less susceptible you are to
22 those voltage dips.

23 Q But generally, Mr. Howell agreed that with
24 the addition of the right equipment, you could serve
25 other customers off that line.

1 A Absolutely, or anywhere else along that 230
2 line, or anywhere else in our 230 kv system.

3 Q You also refer in your direct testimony to
4 Gulf Power having done, quote, all the work.

5 A Would you point me to that, please?

6 Q Page 5, line 15.

7 A Yes, I see that.

8 Q Okay. Is it your view that West Florida
9 knew all along what was going on between 1996 and 2000
10 between ECS and Gulf?

11 A I have no knowledge of everything that West
12 Florida knew or was aware of during that time frame.
13 I am aware of information that West Florida had as
14 early as 1995 relative to the prospects for electric
15 compression equipment being located in this general
16 area.

17 Q Do you know whether Enron or ECS just
18 terminated discussions, or was it West Florida that
19 terminated discussions regarding service by West
20 Florida?

21 A I have no knowledge of that. That was
22 transactions between ECS and West Florida.

23 Q Do you have any direct personal knowledge
24 that West Florida ever expressed a lack of interest or
25 in fact told ECS that they were not interested in

1 serving this load at 13A?

2 A I would have no personal knowledge of that.

3 Q Would you agree that both west Florida, and
4 with its power supplier, AEC, as well as Gulf Power,
5 have adequate capabilities to extend service to ECS?

6 A I hesitate here because of my reservations
7 concerning the abilities of west Florida. But through
8 AEC, yes, I believe that they're competent to be able
9 to extend those facilities and provide that service.

10 Q On page 6, line 11, you refer to ECS's
11 right to choose its electric supplier. Can you tell
12 us the basis for that statement?

13 A My basis for that statement is that here we
14 have a facility to be built with certain electrical
15 requirements, and given that any utility that wanted
16 to serve in that area would have to construct
17 essentially the same facilities, in fact, connect to
18 Gulf Power's line in order to serve it, that
19 establishes up front that there would be no uneconomic
20 duplication of facilities, and in fact, no duplication
21 of facilities. Therefore, ECS is provided the
22 opportunity to make a choice of electric suppliers.

23 Q So your determination is that the only
24 criteria that should be considered in determining
25 whether a customer has a choice is whether or not

1 there would be an uneconomic duplication of
2 facilities, and if there's not, the customer can
3 choose?

4 A No, I would not make that blanket
5 statement. I would say that that is the principal
6 consideration, because that is the whole concept of
7 establishing regulated monopolies to provide electric
8 utility service.

9 Q What would be other considerations besides
10 the principal one?

11 A I guess you would look too at what the
12 capabilities of the utility would be to serve it, you
13 know, is this utility accustomed to operating the type
14 of transmission and substation equipment that I would
15 need or that the customer would need, have they
16 demonstrated the ability to do that in the past, does
17 the utility currently own substations that serve
18 customers of similar size and magnitude, and are they
19 familiar with operating those things, because I think
20 the Commission also has an obligation to look out for
21 whether or not the customer is going to get the
22 quality of service that they deserve.

23 Q What about the criteria stated in the
24 Commission rules regarding the settlement or
25 resolution of territorial disputes?

1 A Which one of those were you thinking of?

2 Q There's four or five of them. I don't have
3 them right --

4 A I believe those have been addressed, for
5 instance, the capability of the electric service,
6 reliable electric service, which I think I just spoke
7 to.

8 Q My question really is, Mr. Spangenberg, do
9 those criteria play any role in determining who gets
10 to serve a site besides your principal one of
11 uneconomic duplication?

12 A Yes. That's why they are listed in the
13 Commission rules, and that's why the Commission rules
14 speak to the cost of each party to serve it, the
15 nature of the disputed area. I do believe those play
16 a role, because in fact there are some situations in
17 which if the nature of the area is a certain type, a
18 rural electric cooperative would be prevented from
19 serving the area, regardless of whether or not they
20 would be uneconomically duplicating anybody else's
21 facilities.

22 Q Okay. When did Gulf Power Company inform
23 ECS that west Florida might dispute ECS's request for
24 service from Gulf Power?

25 A I'm sorry. Ask that question again. When

1 did --

2 Q When did Gulf Power inform ECS that West
3 Florida might dispute ECS's request for service from
4 Gulf Power?

5 A I have no knowledge if we informed them or
6 when that would have been.

7 Q So to your knowledge, Gulf Power did not
8 say anything to ECS about West Florida may object to
9 this service?

10 A I have no personal knowledge of if or when
11 such a statement would have been made. I think it's
12 logical to consider, knowing the nature of relations
13 in the past between utilities, and knowing that in
14 fact once ECS had made a selection -- and think about
15 the timetables in which ECS needed to have service and
16 the time frame to get facilities constructed. I hope
17 that we would have advised ECS of all elements that
18 might be a factor in the timetable for getting them
19 service, one of which might have been and in fact was,
20 you know, West Florida's filing a dispute.

21 Q Prior to West Florida's filing a dispute,
22 do you know whether or not Gulf Power ever informed,
23 warned, or cautioned ECS that there might be
24 disagreement by West Florida over service to this
25 site?

1 A No, I have no specific or personal
2 knowledge of that.

3 Q would you describe this area, the
4 geographic area around Station 13A as rural?

5 A The area around Station 13A, yes, I would
6 describe it as rural, with the exception of Station
7 13. You might characterize that as, in fact,
8 industrial. But otherwise, outside of 13 and 13A,
9 yes, I would very much agree. In fact, I believe my
10 testimony characterizes it as rural.

11 Q Station 13A is an industrial site, in your
12 view?

13 A Yes. I believe by anybody's definition --
14 I believe there's actually a standard industrial
15 classification that we would use for natural gas
16 facilities, gas pipeline facilities, that type of
17 thing.

18 Q Who serves Station 13?

19 A Station 13, the electric service for
20 Station 13, including, now, as I said earlier, the
21 maintenance barn and things like that for Florida Gas
22 Transmission, is served by West Florida Electric
23 Cooperative.

24 Q You're not suggesting by your testimony
25 that there's a prohibition against electric

1 cooperatives serving industrial sites, are you?

2 A Yes, I am suggesting that there are
3 prohibitions to certain types, not necessarily to
4 industrial sites, but I believe to urban centers or
5 those that might be classified as urban centers. I
6 believe that the State Constitution in the social
7 welfare provisions, Chapter 425, prohibits or at least
8 does not allow -- it does not provide an allowance for
9 rural electric cooperatives to serve those types of
10 areas. I believe it's with a population of greater
11 than 2,500. And as I said in my testimony, you
12 correlate that load size to what we have here, and I
13 think you could raise a reasonable presumption that
14 certainly state law and public policy would frown upon
15 a rural electric cooperative serving that size load,
16 at least under Florida law.

17 Now, Station 13 is a much smaller facility.
18 It's only 159 kilowatts, which is minute compared to
19 Station 13A. So, no, I'm not suggesting that would be
20 prohibited from serving 13A.

21 Q Are there 2,500 customers in close
22 proximity to Station 13A?

23 A Not how I would define close. Some might
24 define close -- in the grander scheme of things, if
25 you want to take in the three urban centers that are

1 close to Hinsons Crossroads, then, yes, you have
2 greater than 2,500 customers, but not where I have
3 defined the disputed area.

4 Q And this disputed area is not inside the
5 municipal limits of any city; is that correct?

6 A Not that I'm aware of, no, sir.

7 Q And would it be fair to say that as it
8 exists right now, within a one-mile radius, two-mile
9 radius, or three-mile radius of this site, the central
10 station service that's being provided is being
11 provided by West Florida?

12 A All the customers that I'm aware of within,
13 for instance, a mile of Station 13 are in fact
14 receiving central station service from West Florida
15 Electric Cooperative.

16 Q Do you believe that West Florida's electric
17 utility rates are unregulated by the Florida Public
18 Service Commission?

19 A I believe that there are elements of their
20 rates that are not regulated, specifically rate
21 level. However, there are elements of their tariffs
22 that are regulated, such as rate structure.

23 Q What is your understanding of the rate
24 structure jurisdiction over West Florida?

25 A It's my understanding that that structure

1 jurisdiction gets into things like do you have a
2 demand charge or just an energy charge, do you allow
3 declining block rates, or those types of -- those all
4 get involved with rate structure.

5 Q What about discrimination between classes
6 of customers?

7 A It's my sense and my opinion that their
8 jurisdiction over that is a bit more limited than that
9 same jurisdiction over an investor-owned utility like
10 Gulf Power Company.

11 Q And what do you base your understanding on
12 to make that statement?

13 A My past knowledge, I guess experience in
14 working with these matters over a number of years.

15 Q Have you discussed it with the rate
16 department here at the Commission?

17 A No, I have not personally discussed it with
18 the rate department here at the Commission.

19 Q Do you know that west Florida's rates, an
20 electric cooperative's rates are submitted for
21 approval by the Commission?

22 A Yes, I am aware that they are submitted for
23 approval. How else are you going to regulate the
24 structure unless you in fact have them submitted?

25 Q So do you know that west Florida's rates

1 are actually approved by the Commission before they
2 can go into effect?

3 A I believe I have seen references to that
4 where they are approved, again, my understanding being
5 the principal focus for that approval is to look at
6 the rate structure as opposed to the rate level.

7 Q okay. On page 12, line 24, you refer to
8 this lack of operating and customer care experience.
9 Are you basically saying that West Florida with its
10 wholesale power supplier, AEC, cannot provide adequate
11 and reliable service to Station 13A if they were
12 selected to do so?

13 A My reference in that paragraph was to West
14 Florida Electric Cooperative. And I'm aware that --
15 it's my understanding, and I believe it's good
16 information, that West Florida Electric Cooperative in
17 and of itself serves no customer anywhere near this
18 size, has no substation of its own ownership that
19 serves a singular customer like these. And these
20 types of customers and these types of substations
21 require special capabilities, and this type of
22 customer has a different perspective on what's
23 expected than someone who, along with 1,000 other
24 customers, might be served off a single substation.

25 Q But your answer if it includes AEC is that

1 they can provide adequate and reliable service
2 together; is that correct?

3 A I believe my statement earlier -- yes, I
4 believe AEC to be competent to extend these facilities
5 and provide service, particularly if they're doing it
6 off of Gulf Power's 230 line.

7 Q Do you know who proposed the use of
8 electric motors at Station 13A?

9 A I have no specific knowledge of who
10 proposed that. I hope we did, because I think it's
11 good business. It saves natural resources.

12 Q Do you know if ECS, Enron, and FGT are
13 affiliates of each other?

14 A Yes. It's my understanding -- and most of
15 this is coming from an affidavit that I filed as an
16 exhibit to my rebuttal testimony. If I remember this
17 correctly, Enron has a 50% ownership in FGT, with the
18 other 50% owned by El Paso Energy. And then ECS I
19 believe to be, if I remember correctly, a fully owned
20 subsidiary of Enron. So there is somewhat of an
21 affiliate relationship, particularly with the 50%
22 ownership limitation there.

23 And then, of course, they're affiliated by
24 the fact that FGT is a customer of ECS, because ECS is
25 selling compression services to Florida Gas

1 Transmission, so that makes them affiliated through a
2 business relationship also.

3 Q On page 11 of your testimony, your direct
4 testimony, you refer to discriminatory rate setting
5 practices by West Florida Electric. Can you cite us
6 an example of a discriminatory rate setting practice
7 by West Florida?

8 A Would you point me to that line? Oh, I see
9 it here. Okay.

10 I believe what I cited there in my
11 testimony was a hypothetical business risk that ECS
12 would in fact face should there be an undue cost
13 burden or a discriminatory cost burden placed upon an
14 industrial customer, in fact, a very large customer,
15 at the --

16 Q Well, my question really wasn't
17 hypothetical.

18 A Okay.

19 Q Do you know of any discriminatory rate
20 setting practices ever conducted by West Florida
21 Electric?

22 A No, I am not specifically aware of any.

23 Q Are you aware of any cooperative being
24 accused of and being found guilty of discriminatory
25 rate setting practices?

1 A In the faintness of some of my memory
2 cells, I believe particularly in other state
3 jurisdictions, there have been allegations and charges
4 of that. Now, whether or not the adjudication was
5 finalized I do not know for certain, so I need to
6 answer no. I don't specifically recall an instance of
7 where they were found guilty of that.

8 Q Do you know whether AEC serves any
9 customers as large or larger than this particular load
10 would be?

11 A If my memory serves me correctly, they have
12 one customer that's a very large customer, a large
13 paper mill, 100 megawatts or something like that, that
14 would be larger than this customer.

15 Q And does Gulf Power serve any customers
16 that are 100 megawatt loads?

17 A 100 megawatt? Single load, single point?

18 Q (Nodding head affirmatively.)

19 A No, sir. I believe our largest is 57
20 megawatts, and we have many that are in the 30 to 50
21 class.

22 Q On page 13 of your direct, you refer to, on
23 lines 1 and 2, an unacceptably high operational risk.
24 If West Florida and AEC are working together on this
25 project, what would be the unacceptably high

1 operational risk to ECS?

2 A Again, that's the same paragraph we were
3 talking about earlier. My comments there were
4 relative to West Florida Electric Cooperative. With
5 AEC working in there -- in fact, at some point I think
6 I also reference the fact that it's really unsure to
7 me who's going to own -- if West Florida was serving
8 it, who would actually own the substation, whether it
9 be AEC or whether West Florida would own any
10 facilities here. But with AEC in the picture, if AEC
11 is in there serving this customer, then, yes, I
12 believe you have mitigated that operational risk.

13 Q On page 14, you refer to the vested
14 interest for their position in this dispute. What do
15 you mean by that? You said the vested interest lies
16 elsewhere. I'm not too sure I follow that.

17 A Well, frankly, it lies with AEC
18 principally. If AEC is -- in their typical fashion,
19 AEC actually owns the substation that's the delivery
20 point for the customer. They own the transmission
21 line. If AEC owns the transmission point -- excuse
22 me, the substation, then West Florida in that scenario
23 actually has no facilities, so they have no monies to
24 recover, no investment to recover. So if no
25 discrimination is going to occur, all the revenues,

1 except 10 or 20 bucks to render a bill each month,
2 would flow from West Florida to AEC. And so AEC is
3 the one with the vested interest, and in fact, it
4 would appear to me it's actually AEC that would be
5 serving the customer rather than West Florida Electric
6 Cooperative.

7 Q Do you understand that that is to be the
8 scenario?

9 A I know that that is -- it's my
10 understanding that's how all the other substations are
11 owned. I have seen in the testimony of one of West
12 Florida's rebuttal witnesses that they don't plan to
13 do that in this case. And I'm not sure what makes
14 this instance different for some reason. West Florida
15 plans to own the substation in this single instance.
16 I guess it's to get them something to own so they can
17 say they're serving the customer.

18 Q Would you also agree with Mr. Anthony's
19 testimony that the contract that ECS signed with Gulf
20 constitutes the customer's selection of Gulf as its
21 electric utilities provider?

22 A Absolutely. It might not be the only thing
23 to indicate it. I think there were verbal
24 instructions earlier, or any other letters of intent
25 could also indicate that selection. But certainly a

1 contract is a conclusive selection.

2 Q And that refers to your testimony on page
3 16, lines 19 and 20?

4 A Let me look there. Yes.

5 MR. HASWELL: Okay. We're done. I tender
6 the witness.

7 MR. BADDERS: Okay. Jim, does Marlene have
8 any questions?

9 MR. BREMAN: No questions.

10 (Discussion off the record.)

11 (Deposition Exhibit 1 was marked for
12 identification.)

13 (Deposition concluded at 11:32 a.m.)

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CERTIFICATE OF ADMINISTERING OATH

STATE OF FLORIDA)
COUNTY OF LEON)

I, MARY ALLEN NEEL, Notary Public in and for the
State of Florida at Large:

DO HEREBY CERTIFY that on the date and place
indicated on the title page of the foregoing
transcript, an oath was duly administered by me to the
designated witness before testimony was taken.

WITNESS my hand and official seal this 11th day
of September, 2001.

Mary Allen Neel

MARY ALLEN NEEL, RPR
100 Salem Court
Tallahassee, Florida 32301



CERTIFICATE OF REPORTER


STATE OF FLORIDA)

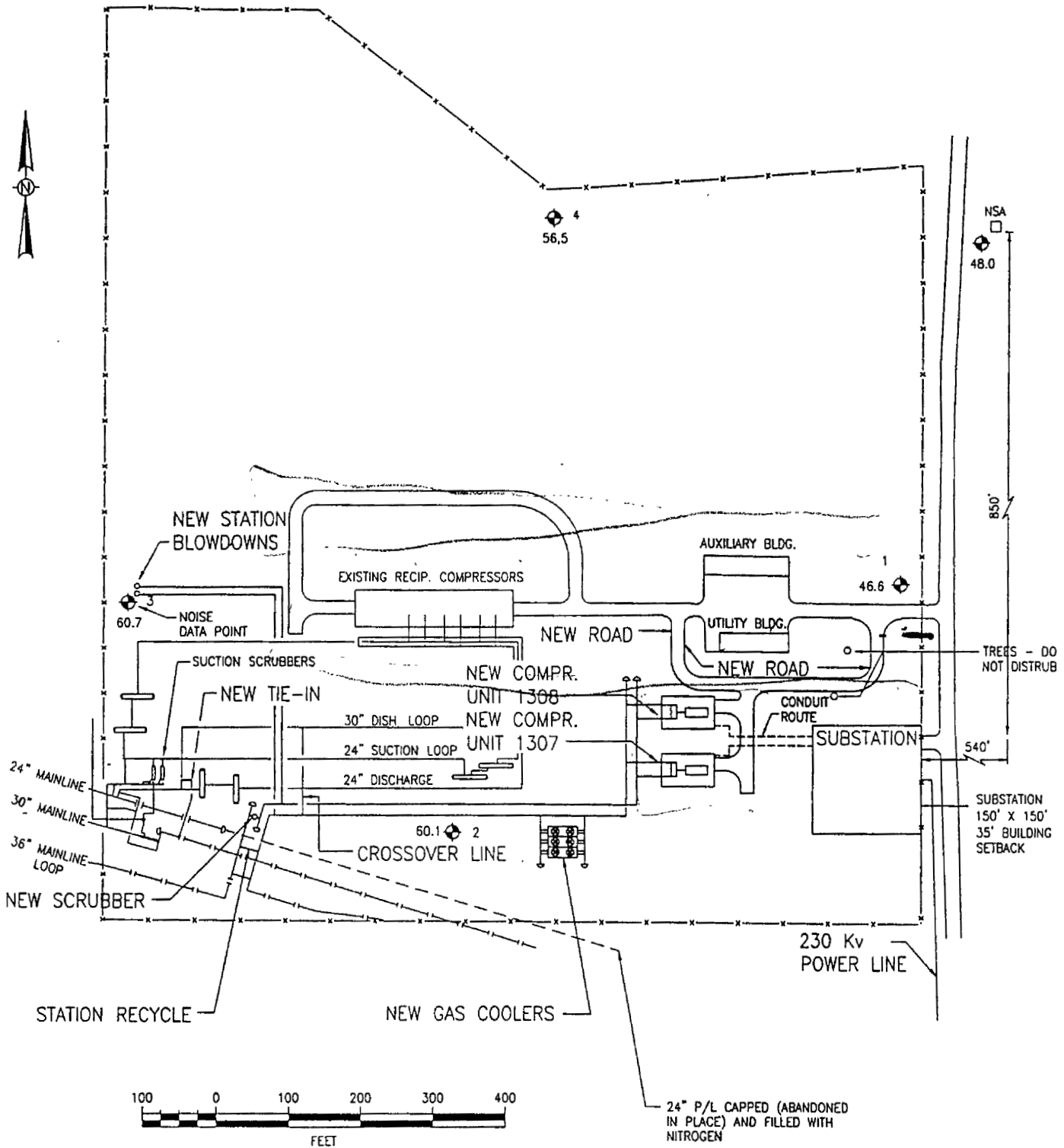
COUNTY OF LEON)

I, MARY ALLEN NEEL, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter transcribed under my supervision; and that the foregoing pages numbered 1 through 32 are a true and correct transcription of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, or relative or employee of such attorney or counsel, or financially interested in the action.

DATED THIS 11th day of September, 2001.


MARY ALLEN NEEL, RPR
100 Salem Court
Tallahassee, Florida 32301
(850) 878-2221



NOISE DATA:

7. 4-15 Sec.
 L_{EQ} taken 4 p.m. 10/26/98
 Temp. 65°F Light Rain
 Wind: 5-12 MPH S

DEPOSITION EXHIBIT
 9/16/01 MN

FLORIDA GAS TRANSMISSION COMPANY

PROPOSED FGT PHASE V
 COMPRESSOR STATION NO. 13A
 PLOT PLAN

DWG. NO.

462-V-3

9/15/00

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

DEPOSITION OF: T. S. ANTHONY

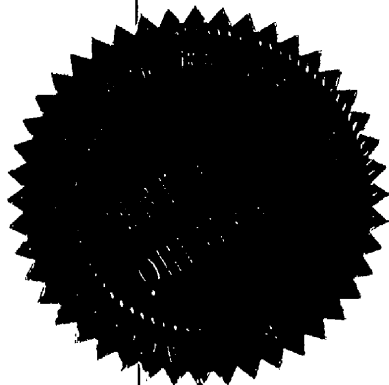
TAKEN AT THE INSTANCE OF: West Florida Electric
Cooperative Association

PLACE: Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Room 154
Tallahassee, Florida

TIME: Commenced at 9:35 a.m.
Concluded at 10:04 a.m.

DATE: September 6, 2001

REPORTED BY: MARY ALLEN NEEL, RPR
Notary Public, State
of Florida at Large



ACCURATE STENOGRAPHY REPORTERS, INC.
100 SALEM COURT
TALLAHASSEE, FLORIDA 32301
(850) 878-2221

APPEARANCES:

JOHN H. HASWELL, Chandler, Lang, Haswell & Cole,
P.A., 211 N.E. First Street, Gainesville, Florida
32601, on behalf of West Florida Electric Cooperative
Association, Inc.

RUSSELL A. BADDERS, Beggs & Lane, 3 West Garden
Street, Pensacola, Florida 32501, on behalf of Gulf
Power Company.

MARLENE STERN, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850, on behalf of the Commission
Staff.

ALSO PRESENT:

JIM BREMAN
GARY CLARK
ELISABETH DRAPER
M. W. HOWELL
DANIEL LEE
JEFF PARRISH
T. S. SPANGENBERG
DAVID WHEELER

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing is not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

1 Thereupon,

2 T. S. ANTHONY

3 appeared as a witness and, after being duly sworn by
4 the court reporter, testified as follows:

5 EXAMINATION

6 BY MR. HASWELL:

7 Q Good morning, Mr. Anthony.

8 A Good morning.

9 Q My name is John Haswell, and I'm an
10 attorney representing West Florida Electric
11 Cooperative Association, Inc., and I'm here to ask you
12 some questions about some testimony that you have
13 filed with the Public Service Commission in this
14 case. If I ask you a question that you don't
15 understand, I would appreciate it if you would let me
16 know and ask me to repeat it or explain it. Would you
17 do that for me?

18 A Yes, sir.

19 Q Okay. You're the same T. S. Anthony who
20 filed direct testimony in this case; is that correct?

21 A That's correct.

22 Q Do you intend on making any corrections or
23 changes to your testimony prior to the hearing?

24 A No, I do not.

25 Q On page 1, line 22 -- and sometimes I'll

1 reference a page and sometimes I won't. On page 1,
2 line 22, you use the words "entitled to choose," that
3 ECS was entitled to choose Gulf Power as its electric
4 service provider in the disputed area. What is your
5 understanding of when a customer is entitled to
6 choose?

7 A Let me read that, if you don't mind. Give
8 me a second.

9 In my opinion, in this case, Enron
10 Compression Services is a new customer; therefore,
11 they're entitled to choose their electric provider as
12 long as there's not any uneconomic duplication of
13 facilities.

14 Q And that's the position of Gulf Power?

15 A That's my position. That's my opinion.

16 Q So this would apply to anybody who is a new
17 customer anywhere in anybody's system?

18 A In Gulf Power's territory?

19 Q Yes.

20 A That would be my opinion, yes.

21 Q So based on what you just said, you think
22 this customer is in Gulf Power's territory?

23 A Yes, I do.

24 Q Could you tell us where you think Gulf
25 Power's territorial boundaries are around this

1 particular area, or does it include the Hinsons
2 Crossroads area?

3 A I don't know that I'm familiar enough with
4 the particular area to even respond to the question.

5 Q Have you seen any of the maps or diagrams
6 that Mr. Rimes filed in this case?

7 A I didn't review his maps.

8 Q Okay. But you know this place has been
9 identified as Hinsons Crossroads?

10 A Yes, I do know that.

11 Q Have you ever been there?

12 A I've seen it one time.

13 Q You drove by it?

14 A I drove by.

15 Q And just to make sure I understand, it's
16 your position and your opinion that the Hinsons
17 Crossroads area where this site is is in Gulf Power's
18 service area?

19 A I believe that can be considered Gulf
20 Power's service territory, yes.

21 Q Now, on lines 22 and 23 of page 1, you
22 refer to a new compression facility. Is this a new
23 facility?

24 A In my opinion, this is a new facility, yes.

25 Q What's the difference in your mind between

1 a new facility and an expansion of an existing
2 facility?

3 A If it was the current customer expanding
4 load and not taking a different metering point, then I
5 would consider that an expansion. But in this case,
6 it would be a different metering point, and it would
7 be a different customer.

8 Q So if it was Florida Gas Transmission that
9 Gulf Power was trying to contract with for service,
10 then you would regard this as an expansion of existing
11 service?

12 A If the service was going to be served
13 through the same metering point that's existing there
14 today, I would agree with that.

15 Q You state on page 2, line 21, that to the
16 best of your knowledge, Gulf Power was contacted by
17 ECS. Do you know that to be true because you were the
18 one who did the contacting or were involved in that?

19 A I was not the one that was involved in the
20 initial contact.

21 Q Do you know who was?

22 A I believe it was John Floyd, an industrial
23 representative from Gulf Power Company.

24 Q Do you know anything about the nature of
25 the contact?

1 A I really do not.

2 Q So what was your direct involvement in the
3 contact by ECS to Gulf?

4 A I got involved in this particular customer
5 negotiation around about 1998. And there again, I was
6 involved in discussions with Enron Compression
7 Services regarding service to the load that they were
8 describing.

9 Q Okay. I'll get back to that in just a
10 minute. You mentioned 1996, in April of 1996 when
11 this occurred. Do you know if it was Enron
12 Compression Services at that time, or was it Enron
13 Corporation?

14 A I do not know.

15 Q You don't know for sure if it was actually
16 ECS?

17 A I don't know for sure.

18 Q Okay. Let's jump back to 1998 and
19 forward. What exactly did you do in developing this
20 customer?

21 A I was involved in discussing electric
22 alternatives with this particular customer.

23 Q Did the customer actually request service
24 from Gulf, or did they send a proposal? How would you
25 characterize that?

1 A Are you talking about in 1998?

2 Q In 1996 when that first contact was made.

3 A In 1996 I wasn't involved.

4 Q Okay. When you were directly involved,
5 what was the nature of the contact?

6 A Discussion of various electric alternatives
7 as compared to their gas alternative.

8 Q I understand, but at some point there was
9 no contact between ECS and Gulf, and then there was
10 for some reason. Is that because Gulf went out and
11 solicited the load, or did ECS come to Gulf and ask
12 for a proposal?

13 A I don't recall.

14 Q It could have been either one?

15 A I don't recall.

16 Q Now, you talked about the alternative, the
17 electric alternative. What does that mean? Are these
18 compressors generally run by gas?

19 A I believe their compression facilities are
20 normally run by gas fueled compressors, yes.

21 Q Who made the suggestion that they be run by
22 electricity?

23 A I believe Enron Compression Services did.

24 Q Do you know if Enron runs any other
25 compressor station with electricity?

1 A I don't know that for sure. There was
2 discussion of them having some other locations similar
3 to this, but I don't know that they materialized. We
4 never looked into that.

5 Q Okay. So what would be the difference
6 between gas powered and electric powered that would
7 encourage or motivate Enron Compression Services to
8 look at an electric alternative?

9 A I'm not extremely familiar with gas fired
10 compression, so I really wouldn't know. But we placed
11 alternatives on the table for them to compare to their
12 own alternatives that were not really shared with us.

13 Q So what information did they give you that
14 you needed to have to make that alternative proposal?

15 A Discussions of the specific load that would
16 be placed at Station 13A, the nature of that load.

17 Q All right. And is there anything you can
18 tell me about that in terms of the characteristics of
19 the load? I mean, what is involved in the information
20 you need? As opposed to the details, the numbers
21 themselves, what kinds of things? Do you have to know
22 what the capacity of the motors are?

23 A You need to know the size of the motors,
24 the nature of how those motors would be operated, the
25 electric load factor, et cetera.

1 Q Would you say all that information could be
2 contained on one sheet of paper?

3 A I would think so.

4 Q Okay. And Enron gave that to you right up
5 front, all that information?

6 A No, they didn't. It took a while.

7 Q And do you know why it took a while?

8 A No, I don't.

9 Q They were reluctant to give it to you, or
10 it just took them a while?

11 A I don't really know. We asked them for
12 various types of information, but we were slow in
13 getting that information as well.

14 Q So it took from 1998 to 2000?

15 A I don't know that it took that long, but it
16 took a while.

17 Q Now, you've been to Station 13A and seen
18 it. Excuse me, Station 13. That's owned by Florida
19 Gas Transmission.

20 A Yes.

21 Q When you were there, did you notice any
22 kind of structures around it or a fenced area where
23 the station was located?

24 A I drove past it. There was a fence. As I
25 recall, there was a fence around the total facility.

1 But we didn't stop. It was just on a trip back from
2 Tallahassee.

3 Q And you know where Station 13A as defined
4 by Gulf Power is supposed to be located?

5 A It's adjacent to Station 13.

6 Q It's going to be inside the fence?

7 A That's my understanding, but I don't know
8 that for sure either.

9 Q So at some point, ECS decided that the
10 electric alternative was the most economic choice.
11 Was Gulf Power involved in that, comparing those two
12 alternatives, or you simply made the electric proposal
13 and they made up their mind?

14 A They made up their mind based on the
15 electric proposal we supplied.

16 Q So you never saw their gas --

17 A We never saw their gas alternative.

18 Q Okay. Would it be fair to say that the
19 reason they may have chosen that is because it would
20 be cheaper for them to use electricity instead of gas?

21 MR. BADDERS: Objection to the question.
22 That calls for speculation on what they were
23 thinking. This witness would not know that.

24 You can answer to the extent --

25 MR. HASWELL: Well, let me rephrase the

1 question.

2 BY MR. HASWELL:

3 Q Do you have any direct knowledge yourself
4 of why they elected the electric service option
5 instead of the gas option?

6 A No, I do not.

7 Q On page 3, line 2, you refer to there was
8 not much activity on the project until the latter part
9 of 1998. What does not much activity mean?

10 A Well, I wasn't involved in it during the
11 time frame between 1996 and 1998. I don't think there
12 was an awful lot of contact between Enron Compression
13 Services and Gulf Power during that time frame.

14 Q Okay. What discussions did Florida Gas
15 Transmission or ECS, to your knowledge, have with West
16 Florida between 1996 and 1998 about this service?

17 A I do not know.

18 Q You don't know whether they had
19 conversations or not?

20 A Not particularly, no. The conversation
21 that I had with Enron Compression Services, they made
22 mention that they had contacted West Florida Electric
23 and AEC at some time interval during that time, but I
24 don't recall the time that they discussed that.

25 Q Did Enron at any time during any

1 discussions that you were privy to say, "We're coming
2 with Gulf because we haven't gotten anywhere with West
3 Florida or AEC"?

4 A I don't recall them saying that.

5 Q So regarding your testimony at page 3, line
6 7, ECS asked questions about the type of facilities.
7 Again, you don't know whether any of those questions
8 were asked of West Florida or AEC?

9 A I do not know what they asked West Florida
10 Electric or AEC.

11 Q Do you know if they asked them anything?

12 A No, I do not know if they asked them any
13 specifics.

14 Q On line 9 of that same page, you talked
15 about reliability and quality of service and relative
16 economics. What can you tell us about relative
17 economics?

18 A Well, I think what we mean there by
19 relative economics, or what I meant by that is the
20 discussion of our tariff rates as compared to their
21 electric alternative.

22 Q But in fact, what you just told me is that
23 you didn't really compare it.

24 A No, I did not.

25 Q What about the quality of service?

1 A Quality of service, the high reliability of
2 the 230 kilovolt transmission system, service directly
3 tapped off that service.

4 Q Did you compare it to any other service?

5 A I did not, but I believe Gulf Power Company
6 did.

7 Q So what you mean there by quality of
8 service as far as your testimony is concerned is just
9 tapping off your own 230 to serve?

10 A Yes.

11 Q And in any of those discussions, did you
12 make any reference to the 115 system of AEC that's
13 somewhere four or five miles away?

14 A I did not. I wasn't aware of what West
15 Florida Electric had in place in those areas.

16 Q On line 20, you refer to a contract between
17 ECS and Gulf Power. Is it your position that that
18 contract constitutes the request for service and the
19 choice of ECS for Gulf Power?

20 A Yes, it is.

21 Q What other companies do you know that ECS
22 serves, provides compression services to?

23 A I couldn't name another company.

24 Q They never told you about them or --

25 A They discussed that they were doing this

1 type of electric compression in some other areas, but
2 the details of that we didn't ask and they didn't
3 discuss.

4 Q Okay. Now, what -- to your knowledge, who
5 was actually going to own what at Station 13A? Does
6 Florida Gas Transmission have anything to do with this
7 Station 13A?

8 A I don't know that I ever knew the details,
9 the intricate details of the business relationship
10 between Enron Compression Services and Florida Gas
11 Transmission.

12 Q But the service that ECS is going to
13 provide, who are they providing it to?

14 A They will be providing compression services
15 to Florida Gas Transmission.

16 Q And do you know, right now, at Florida Gas
17 Transmission Site 13, who is providing the compression
18 services there?

19 A Existing today?

20 Q Right.

21 A I don't know that for sure.

22 Q Do you know of any other -- I mean, is ECS
23 providing service right now there?

24 A I don't know.

25 Q On page 4, line 8, you refer to Station 13

1 being installed on a mainline separate from the
2 mainline that currently serves Station 13. Could you
3 help me with that? what does that mean?

4 A I'm sorry. Repeat where that is.

5 Q Lines 8 and 9 on page 4.

6 A It's my understanding based on the
7 conversations that I've had with Enron Compression
8 Services that there will be additional line segments
9 added at Station 13A, and this is where the
10 compression will be applied.

11 Q Are you telling us that this will be a
12 whole new transmission line that runs from Texas to
13 Florida, or is this simply a jog off the mainline for
14 compression services?

15 A I don't know the answer to that for sure,
16 but I'm assuming it is like you described, a jog off
17 the existing line.

18 Q Now, on that same page 4, at line 20, you
19 refer to a Phase V expansion. Is that what this
20 project is called as far as Florida Gas Transmission
21 is concerned, a Phase V expansion?

22 A I believe that's correct.

23 Q And what do you know about Phase V?

24 A Very little, other than that there's an
25 expansion going on in the State of Florida that

1 they've entitled their Phase V expansion.

2 Q In other words, not just Washington County?

3 A No.

4 Q Do you know who owns the pipeline?

5 A Florida Gas Transmission, to my knowledge.

6 Q Do you know who operates the pipeline?

7 A No, I don't.

8 Q Do you know who's going to operate the
9 electric motors at Station 13A?

10 A Based on the conversations I've had with
11 Enron Compression Services, they will be the ultimate
12 operator.

13 Q On page 5, lines 2, 3, and 4, you say --
14 you start out by saying, "It has been said." Could
15 you tell us who said that?

16 A Enron Compression Services.

17 Q Okay. And what is the point of saying that
18 -- I'm trying to figure out what the point of that
19 sentence is, that 95% of the volume of natural gas to
20 be transported via the new pipeline expansion will
21 serve natural gas fired electric generation in
22 Florida.

23 A I'm just trying to point out the
24 significance of this expansion.

25 Q Part of that Phase V project?

1 A Right.

2 Q Okay. Now, referring to page 5, line 13,
3 Gulf Power began pre-engineering the construction
4 project. What is pre-engineering work? What is that?

5 A Basically, planning to serve the electric
6 load that's being discussed by Enron Compression
7 Services.

8 Q And what do you do when you start planning
9 to serve? Do you start drawing maps and diagrams, or
10 do you go out and get easements, or what?

11 A I think there was some preliminary work
12 done with the acquisition of easements. I don't
13 believe there were actual easements acquired, but I
14 think we looked into what it was going to take to
15 acquire that easement.

16 Q Would that engineering work include the
17 design of the transmission line?

18 A I think it would include some of that, yes.

19 Q And what substation construction and what
20 facilities were needed?

21 A I think some of that pre-engineering would
22 be done as well, yes.

23 Q And when was that done? When was the
24 pre-engineering work done or started?

25 A I believe it was started in the fall of the

1 year 2000.

2 Q Okay. Do you know how much of that was
3 completed before you signed the contract with ECS?

4 A How much of the pre-engineering?

5 Q Yes. Well, actually, how much work was
6 done? On the date you signed the contract, what had
7 Gulf Power done up to that point?

8 A I think quite a bit of what we describe as
9 pre-engineering had been completed at that time.

10 Q Did you have any agreement or understanding
11 with ECS as to what if you didn't sign a contract with
12 them, how you would recover your costs for that
13 pre-engineering work?

14 A Yes, we did.

15 Q Were they going to reimburse you for it?

16 A Yes.

17 Q Now, on page 5, line 18, you refer to
18 uncertainty created by west Florida's apparent
19 contention. What uncertainty are you referring to?

20 A The uncertainty that I'm mentioning there
21 is west Florida's contention that they're the only
22 utility that can serve a customer in this particular
23 service area.

24 Q Now, earlier you said that it's your
25 opinion that this site is in Gulf Power's service

1 area.

2 A Yes.

3 Q And that the customer has a right to choose
4 ECS?

5 A Yes.

6 Q So where's the uncertainty?

7 A Just the involvement of another utility
8 coming in at a late date.

9 Q What do you mean by late date?

10 A I would consider the 1996 to 2001 time
11 frame working with this particular customer, and then
12 West Florida Electric filing a territorial dispute
13 after the signing of the contract.

14 Q What if the roles were reversed? If Gulf
15 Power had known nothing about this until someone said,
16 "Hey, why are they acquiring this right of way," would
17 you think that Gulf Power had any right to object to
18 West Florida building its line in?

19 A I don't know. I don't get involved in
20 those matters. I wouldn't be able to respond to
21 that.

22 Q Now, you also refer to a new substation to
23 be constructed on the customer's site -- this is line
24 24 -- to Station 13A. Right now there is no 13A;
25 right? Nothing has been built or constructed there;

1 is that correct?

2 A To my knowledge, there's nothing new added
3 there; that's correct.

4 Q And you also refer to a joint petition.
5 Were you personally involved in the preparation of
6 that joint petition that has been attached as an
7 exhibit?

8 A Actually, that petition was prepared by
9 legal counsel representing Gulf Power Company and
10 legal counsel representing Enron Compression Services.

11 Q Did any of the facts mentioned in there,
12 did they come from you?

13 A I was involved in an awful lot of the
14 discussions between 1998 and the signing of the
15 contract in February of 2001. A lot of those facts
16 would be facts that I would be able to respond to.

17 Q And some of the facts that are in your
18 exhibit itself -- I don't want to have to read the
19 whole exhibit, but part of the information that's in
20 this, did that come from your knowledge of the events
21 between 1996 and 2000?

22 A I would agree with the facts that are in
23 the petition. I did not prepare the petition.

24 Q All right. On page 6, lines 6 to 15, I'm
25 actually referring to that. What can you tell us

1 about ECS or Florida Gas Transmission contacting or
2 having any discussions with West Florida Electric
3 Cooperative between 1996 and 2000?

4 A Only based on conversations that I had with
5 Enron Compression Services. They mentioned that they
6 made contact with West Florida and AEC.

7 Q Did they describe the nature of those
8 contacts?

9 A They did not.

10 Q So you don't know whether that was just one
11 phone call or whether it was extensive conversation?

12 A I do not know the details of it.

13 Q On line 9 of that same page, you refer to
14 Gulf Power's unyielding efforts to successfully
15 compete against the natural gas driven compression
16 alternative. What does compete mean? What do you
17 mean by compete?

18 A By compete I mean offering an electric
19 driven compression alternative that competed against
20 their natural gas alternative.

21 Q Just like you said earlier in the
22 testimony?

23 A Yes.

24 Q So you weren't talking about open
25 competition?

1 A No.

2 Q Now, on line 14, you refer to a lack of
3 energetic interest on west Florida's part. I'm
4 referring to what we just talked about. That
5 statement is based on what ECS told you?

6 A Yes.

7 Q So as far as you know, you don't know
8 whether there was a lack of energetic interest or not
9 from your direct knowledge?

10 A From my direct knowledge, I do not know.

11 Q And then on line 21, ECS is going to be
12 receiving service via Gulf's tariff. Is that the PX
13 tariff?

14 A Yes.

15 Q And that's the only -- based on your
16 testimony, that's the only document we have to look at
17 to see what Enron is going to be paying Gulf; is that
18 correct?

19 A That's correct.

20 MR. BADDERS: Can we go off the record for
21 a second?

22 MR. HASWELL: Sure.

23 (Discussion off the record.)

24 BY MR. HASWELL:

25 Q Just to go back to that same question, what

1 we're trying to determine is, is Gulf's PX tariff the
2 sole basis for what ECS will pay Gulf Power for the
3 service to Station 13A?

4 A For electricity sales; that's correct.

5 Q And we do understand there's going to be a
6 spare transformer, and arrangements have been made to
7 reimburse Gulf for that?

8 A That's correct.

9 Q Okay. Referring to your exhibit, page 6,
10 do you know whether or not West Florida Electric,
11 either by itself or through AEC, has access to the
12 same 230 kv transmission facilities that Gulf does?

13 A I don't have knowledge to respond to that.

14 Q You don't know?

15 A I'm not familiar with that agreement, no.

16 Q Okay. On page 7 of your exhibit, you cite
17 the inadequacy of existing electric service
18 facilities. Isn't it true that Gulf Power's
19 facilities are also currently inadequate to provide
20 service to that site?

21 A If you're referring to the 115 kilovolt
22 system, I believe that's correct.

23 Q What I'm referring to is that there are no
24 Gulf Power facilities adjacent to or on the site right
25 now; is that correct?

1 A That's correct.

2 Q So unless Gulf builds something, it can't
3 serve that site right now; is that correct?

4 A That's correct.

5 Q So it would be fair to say that no matter
6 who serves the site, either utility has got to built
7 something?

8 A I agree.

9 Q In paragraph 10 on the same page, you refer
10 to general discussions concerning the project were
11 conducted. Those were general discussions between
12 Gulf Power and ECS?

13 MR. BADDERS: I guess I want to interpose
14 an objection. I don't think it has anywhere
15 been stated that he is making the statement on
16 page 7 of the petition. This petition is
17 attached to his testimony. That doesn't mean he
18 is the one making the representations that are
19 contained in it.

20 MR. HASWELL: I'm not questioning him on
21 whether he made the statement, but it's his
22 exhibit, and whether or not he knows --

23 MR. BADDERS: Right, but the phrasing of
24 your question was did he make the statement.

25 BY MR. HASWELL:

1 Q So referring to the words "general
2 discussions," what do you know about those general
3 discussions other than what you've already said?

4 A Just a second.

5 The general discussions that I believe are
6 being referenced here are the discussions that I was
7 involved in between 1998 and 2001, the signing of the
8 contract.

9 Q And those discussions were exclusively
10 between Gulf Power and ECS?

11 A I believe they were.

12 Q Okay. On page 8 of your exhibit, there is
13 a reference by -- at the top of the page, that exhibit
14 states that no proposal was received from AEC or West
15 Florida to date. Where did you -- excuse me. Do you
16 agree with that statement?

17 A That statement, that information was
18 provided by Enron Compression Services.

19 Q So you don't know that of your own personal
20 knowledge?

21 A No, I don't.

22 Q On that same page of the exhibit, the
23 authors of this exhibit said that West Florida has
24 threatened to delay the project. Have you ever seen
25 anything verbally or in writing that West Florida has

1 threatened to delay the project?

2 A I don't recall seeing anything like that.

3 Q Have you heard that Mr. Clark or anybody
4 from West Florida called Gulf Power or Enron and said,
5 "we're going to delay your project"?

6 A I haven't been involved in anything like
7 that.

8 Q You haven't heard anything like that, have
9 you?

10 A I haven't heard that.

11 MR. HASWELL: I have no other questions at
12 this time. Tender for cross.

13 MR. BADDERS: I believe that is all the
14 questions. Does staff have any questions for
15 this witness?

16 MS. STERN: No.

17 MR. BADDERS: Thank you, Mr. Anthony.

18 (Deposition concluded at 10:04 a.m.)
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CERTIFICATE OF ADMINISTERING OATH

STATE OF FLORIDA)
COUNTY OF LEON)

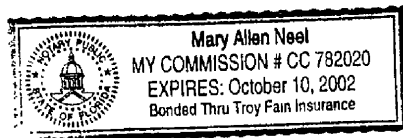
I, MARY ALLEN NEEL, Notary Public in and for the State of Florida at Large:

DO HEREBY CERTIFY that on the date and place indicated on the title page of the foregoing transcript, an oath was duly administered by me to the designated witness before testimony was taken.

WITNESS my hand and official seal this 11th day of September, 2001.

Mary Allen Neel

MARY ALLEN NEEL, RPR
100 Salem Court
Tallahassee, Florida 32301




CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, MARY ALLEN NEEL, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter transcribed under my supervision; and that the foregoing pages numbered 1 through 29 are a true and correct transcription of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, or relative or employee of such attorney or counsel, or financially interested in the action.

DATED THIS 11th day of September, 2001.


MARY ALLEN NEEL, RPR
100 Salem Court
Tallahassee, Florida 32301
(850) 878-2221

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

DEPOSITION OF: M. W. HOWELL

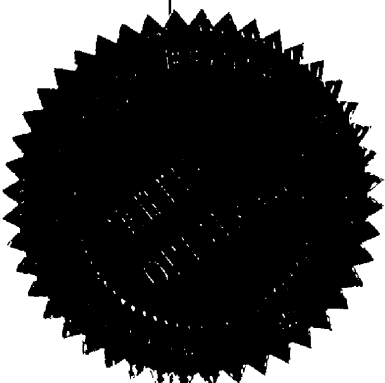
TAKEN AT THE INSTANCE OF: West Florida Electric
Cooperative Association

PLACE: Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Room 154
Tallahassee, Florida

TIME: Commenced at 10:06 a.m.
Concluded at 10:04 a.m.

DATE: September 6, 2001

REPORTED BY: MARY ALLEN NEEL, RPR
Notary Public, State
of Florida at Large



ACCURATE STENOTYPE REPORTERS, INC.
100 SALEM COURT
TALLAHASSEE, FLORIDA 32301
(850) 878-2221

APPEARANCES:

JOHN H. HASWELL, Chandler, Lang, Haswell & Cole,
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32601, on behalf of West Florida Electric Cooperative
Association, Inc.

RUSSELL A. BADDERS, Beggs & Lane, 3 West Garden
Street, Pensacola, Florida 32501, on behalf of Gulf
Power Company.

MARLENE STERN, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850, on behalf of the Commission
Staff.

ALSO PRESENT:

T. S. ANTHONY
JIM BREMAN
GARY CLARK
ELISABETH DRAPER
DANIEL LEE
JEFF PARRISH
T. S. SPANGENBERG
DAVID WHEELER

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S T I P U L A T I O N S

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing is not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

1 Thereupon,

2 M. W. HOWELL

3 appeared as a witness and, after being duly sworn by
4 the court reporter, testified as follows:

5 EXAMINATION

6 BY MR. HASWELL:

7 Q Good morning, Mr. Howell.

8 A Good morning.

9 Q My name is John Haswell, and as you've
10 heard from being present during Mr. Anthony's
11 deposition, I represent West Florida Electric
12 Cooperative Association in this case before the
13 Florida Public Service Commission. And if I ask you
14 any question you don't understand, I would appreciate
15 it if you would stop me and ask me to explain it.
16 Will you do that for me?

17 A I surely will.

18 MR. BADDERS: I guess for the record we'll
19 go ahead and say the same stipulations will
20 apply for this as we made in the first
21 deposition, and the same will be true for the
22 next. We'll reserve reading and signing.

23 MR. HASWELL: Right. That's correct.

24 BY MR. HASWELL:

25 Q You're the same M. W. Howell who filed

1 direct and rebuttal testimony in this case, are you
2 not?

3 A Yes.

4 Q Do you have any changes or corrections to
5 that testimony before the hearing on September 19th?

6 A Not at this time.

7 Q Do you anticipate there will be?

8 A No. If we find some, we're going to
9 correct them, though.

10 Q On page 2, line 20 of your testimony, you
11 indicate that you are going to address the technical
12 character of the electric load. What does technical
13 character mean?

14 A What line and page did you say?

15 Q Page 2, line 20.

16 A What I meant in that context was the
17 physics involved.

18 Q You're talking to a lawyer, not a physics
19 major.

20 A Did you ever take high school physics?

21 Q Oh, I did.

22 A Well, that's what I'm talking about, the
23 physics, which have to do with the way the electric
24 systems responds, what happens when you have certain
25 loads and certain conditions on the electric system,

1 what the customer deems as the allowable limits of the
2 service, that type of thing. It was to differentiate
3 it from Mr. Anthony's testimony that addressed what I
4 would call non-technical items.

5 Q Okay. So how did you determine the physics
6 of this service?

7 A Well, we had the technical characteristics
8 of the load provided to us. We ran it through our
9 models and determined what it would take to serve the
10 load.

11 Q Okay. So you -- who provided that
12 information to you?

13 A Well, I don't remember. It might have been
14 Mr. Anthony, or it might have been somebody else, but
15 it was provided to us from ECS. And I don't know the
16 lineage of who all it passed from, but it eventually
17 got to us.

18 Q Mr. Anthony did mention the kinds of
19 information, voltages, starting voltages, and other
20 characteristics. Is that the same kind of information
21 that he referred to that you got from ECS to make your
22 determination?

23 A Yes, except as I said earlier, I didn't get
24 it from ECS. It came from somebody in Gulf Power. It
25 started at ECS, and through an unknown route to me, it

1 finally got to us.

2 Q what kind of data would you need to make a
3 determination of the technical characteristics of this
4 load?

5 A I would need to know the full load, the
6 electrical characteristics of the load, the starting
7 characteristics of the load, the allowable voltages
8 during running and starting of the customer.

9 Q That's it?

10 A Well, that's information we would need from
11 them. We have a great mighty host of information in
12 our models that we also utilize.

13 Q So based on the information they gave you,
14 you would run a model. That's a computer program?

15 A Yes.

16 Q And all the data you would need from ECS,
17 could that be contained on one sheet of paper?

18 A Yes.

19 Q But what would your model -- I mean, what
20 kind of report would you get out of your model? would
21 that be one sheet of paper, or would that be some kind
22 of a study that you do?

23 A Well, I think we furnished you all in the
24 PODs reams of paper that came out of the models. So
25 there may be certain pages of greater interest to us

1 than others, but reams of paper, reams of information
2 come out of the model.

3 Q And was it important for Gulf that you have
4 sufficient information from Enron to be able to run
5 those studies?

6 A Yes.

7 Q And if you didn't get the information from
8 them, you couldn't have run the studies?

9 A Well, I don't know what you mean by run the
10 studies. We could have made assumptions based on our
11 understanding of what was to be provided. You like to
12 get the best data you can. So I'm not saying we
13 couldn't have run the studies. I'm just saying we
14 received the information we needed, and we ran the
15 study with that input.

16 Q You indicated that these motors will be
17 15,000 horsepower. Our information is that they're
18 12,000 horsepower with a 125% override capacity. Do
19 you know which way those are? Are they 12,000, or are
20 they 15,000?

21 A My information is that they're 15,000
22 capacity horsepower.

23 Q Standard boilerplate?

24 A There's no such thing as a standard 15,000
25 horsepower motor.

1 Q I mean, the rating on this particular one,
2 the normal operating character is 15,000 as far as you
3 know?

4 A That's our understanding.

5 Q You also indicated that they will start
6 across the line. Again, for a nonphysics major, what
7 is does across the line mean?

8 A It means you tie through electric
9 conductors the terminals -- do you know what I mean by
10 the terminals of the motor?

11 Q Yes.

12 A Okay. You tie the terminals of the motor
13 directly to the low-side terminals of the transformer
14 and close the breaker.

15 Q So it starts at what you call a full load?

16 A No.

17 Q So how does it start?

18 A Across the line. When you close the
19 breaker, you apply voltage to the terminals of the
20 motor, which results in electric energy being turned
21 into mechanical energy, and it turns the motor, and
22 the motor starts.

23 Q Okay. Are there other ways to start motors
24 besides across the line?

25 A How are there other ways?

- 1 Q Are there other ways?
- 2 A Yes, there are.
- 3 Q Is one of those called soft start?
- 4 A I have heard that term. It is not a
5 technical term.
- 6 Q What would you describe as a soft -- what
7 would you use?
- 8 A You would use what's called a reduced
9 voltage starter.
- 10 Q Did you all consider --
- 11 A You can also use a pony motor.
- 12 Q A what?
- 13 A Pony, p-o-n-y, pony motor.
- 14 Q What's a pony motor?
- 15 A A pony motor is a very low capacity motor
16 in terms of total horsepower compared to the motor
17 it's starting, and it has just enough power to get the
18 big motor running at roughly full load speed. So
19 you've got it going at full load speed, and you then
20 apply voltage to the large motor, and you don't have
21 all the starting requirements that you normally would,
22 because the motor already has some rotational energy
23 to it. That's a pony motor start.
- 24 Q All right. To what extent did Gulf --
- 25 A There are other ways too. I don't know if

1 you want to go into all that.

2 Q Let's just start with these two.

3 A Okay.

4 Q On the reduced voltage, what we call soft
5 start, and you say it's reduced voltage, to what
6 extent did Gulf study that method of starting these
7 two 15,000 horsepower motors?

8 A I don't know what you mean by study. It
9 was my information the customer wanted to start it
10 across the line, and that's the model we ran. I don't
11 know who did what else.

12 Q So as far as you know, Gulf Power did not
13 look at a soft start?

14 A As far as I know, I don't know if they did
15 or didn't.

16 Q Who would know if they did?

17 A Mr. Anthony might.

18 MR. BADDERS: Let's go off the record.

19 (Discussion off the record.)

20 BY MR. HASWELL:

21 Q So, Mr. Howell, as far as you're concerned,
22 though, you didn't do anything for Gulf on evaluating
23 a soft start scenario?

24 A I'm not aware that we did.

25 Q On page 4, line 24, you refer to ECS paying

1 an additional fee to have Gulf install a dedicated
2 spare transformer. Do you know what that fee is, or
3 is that getting into --

4 MR. BADDERS: That would be confidential,
5 and we cannot provide that in this setting, so
6 I'll instruct the witness not to answer that.

7 BY MR. HASWELL:

8 Q Again, subject to Mr. Badders' objection,
9 it's going to be owned by ECS or owned by Gulf, the
10 spare transformer?

11 A Gulf.

12 Q And without getting into confidential
13 objections, there is some mechanism for Gulf to
14 recover the expense of owning that transformer?

15 A Is that a question?

16 Q Yes.

17 A Yes.

18 Q On page 5, line 16, you refer to the other
19 customers in the area. Whose other customers are you
20 talking about?

21 A Page 5, line 6?

22 Q Line 16.

23 A Line 16. I'm sorry. And would you repeat
24 the question now that I understand where you are?

25 Q You referenced the other customers in the

1 areas around station 13A. whose customers are those?
2 what do you mean by other customers?

3 A Other electric customers of Gulf Power and
4 of West Florida.

5 Q So you're referring to both utilities?

6 A Yes.

7 Q Okay. On page 5, lines 23 to 25, there's a
8 question and answer there where you indicate that --
9 well, in answer to the question, could Gulf provide
10 service directly to any other customer from those
11 facilities, you say no. My question to you is, Gulf
12 Power could serve other customers if Gulf installed
13 the right equipment; would that be true?

14 A well, I'm not sure if that is indicating
15 that we're installing the wrong equipment. I was
16 really answering the question, and the question was,
17 could Gulf provide service directly to any other
18 customer from the facilities being installed, and the
19 facilities being installed are adequate. They are of
20 the right kind. But with that, I'm not sure that I
21 understand your question.

22 Q My question is this. I understand what
23 your answer is there.

24 A All right.

25 Q Could Gulf serve other customers by adding

1 additional equipment to what is going to be installed
2 to serve ECS?

3 A That's what lines 1 and 2 of page 6 say,
4 yes. Gulf would be required to install additional
5 transformer and substation equipment.

6 Q And then in your next sentence there on
7 page 6, you indicate that Gulf has no plans or
8 intention to serve any customers other than ECS. What
9 would it take to change Gulf Power's plans or
10 intention?

11 MR. BADDERS: I believe that calls for
12 speculation on the part of the witness.

13 MR. HASWELL: Objection noted. He has said
14 they have no plans, and I'm asking him what it
15 would take to change that.

16 A Well, right now we're not aware of any
17 other customer that we need and want to serve. If
18 that would change in the future, it would change. But
19 at this point, as I said, we have no plans or
20 intention to serve any customers other than ECS at
21 this time.

22 Q But if a customer came along in the general
23 vicinity of your transmission line extension and
24 requested service from Gulf, would you consider it?

25 A We would consider it.

1 Q So your statement that you have no plans or
2 intention is not a statement that you would never
3 serve anybody off that facility?

4 A Correct. well, never serve anybody off
5 that what? I'm sorry.

6 Q The facilities that you're extending, that
7 you have to add a spare -- additional transformer and
8 substation equipment.

9 A well, I don't think we would ever serve
10 anybody off the facilities we're installing to serve
11 ECS. okay?

12 Q I understand that. You've made that
13 clear.

14 A All right.

15 Q what I'm saying is, if a customer came
16 along in the general vicinity of that area and
17 requested service, you would consider serving them by
18 adding additional equipment; is that correct?

19 A We would consider it, yes.

20 Q on page 3, line 15, of your rebuttal
21 testimony --

22 A Give me a minute to turn to that. I
23 believe you said page 3, line 15; is that correct?

24 Q Yes.

25 A All right.

1 Q Okay. You refer to, on line 18 there, the
2 inadequacy of their request. Could you tell us what
3 was inadequate about AEC's request, or was that
4 something someone else told you?

5 A It was something someone else told me.

6 Q You don't know personally that the request
7 was inadequate?

8 A Well, I looked at it at the time, and I
9 don't recall exactly what it was. But there are
10 certain requirements that have to be -- information
11 that has to be provided, and they did not provide all
12 of that in their request. And it has been a while
13 since I looked at it, but it is my recollection that
14 it was inadequate.

15 Q Would there be any scenarios that you can
16 think of or situations why someone might not have
17 adequate information to furnish with a request?

18 A I'm sorry. Could you repeat that, please?

19 Q Okay. Can you think of any situation where
20 a request would be inadequate because, for instance, a
21 customer did not furnish you with the information to
22 make an adequate request?

23 A Oh, yeah. They just fail to fill out the
24 form.

25 Q I mean the customer being ECS.

1 A Well, ECS is not requesting transmission
2 service.

3 Q What would it take --

4 A Are you talking about a customer -- earlier
5 you were talking about transmission service, and the
6 customer would be AEC, a transmission service customer
7 of Southern. And that's what I assumed you were still
8 talking about, a customer filling out a request for
9 transmission service. And I think I misunderstood
10 your question, so if you'll restate it, I'll try to
11 understand it better and give you a more correct
12 answer. All right?

13 Q Okay. If the end-use customer, retail
14 customer did not give --

15 A For example, ECS.

16 Q For example, ECS.

17 A All right.

18 Q Did not give AEC or West Florida sufficient
19 information on starting motor data, all the physical
20 stuff you mentioned to me earlier, could that result
21 in an inadequate request by AEC to Southern?

22 A It could.

23 Q Do you know if there's anything that the
24 Southern Company needs from AEC to determine whether
25 AEC has met the requirements to provide the

1 transmission service?

2 A I believe they have finally provided what
3 we need, and we're in the process of evaluating the
4 request. And we have repeatedly assured them that if
5 the Commission finds that Gulf will not serve this
6 customer and AEC requests transmission service, that
7 if they satisfy the FERC-dictated requirements of the
8 tariff, we'll provide the service. Is that responsive
9 to the question?

10 Q Yes, sir. And following up on that, do you
11 know of anything that would prevent AEC from
12 satisfying the requirements of the transmission
13 tariff?

14 A Do I know of anything that would, or that
15 is expected to, or --

16 Q Yes.

17 A Yes. They could just fail to satisfy the
18 terms of the tariff, and therefore they don't qualify
19 for the service.

20 Q well, to your knowledge right now, do you
21 know of anything where AEC has failed to satisfy the
22 requirements or is likely to?

23 A It's my understanding that they have
24 finally provided the necessary information to process
25 the request, and Southern is in the process of

1 processing the request.

2 Q Understand why I'm asking the question,
3 because you -- in answer to the question, is Southern
4 willing to provide transmission service to AEC -- this
5 is your own testimony. You answered yes, but the
6 hedge is, if AEC satisfies the requirements of the
7 transmission tariff. The point of my question is, do
8 you have any reason to believe that AEC cannot satisfy
9 those requirements?

10 A Well, there's no doubt in my mind they can.
11 They can satisfy those requirements. And if they do
12 and it's requested, they will be provided the
13 service.

14 Q Do you know if there were any discussions
15 between Gulf and ECS about using different motors or
16 other motors for this compression facility?

17 A Yes.

18 Q Can you tell us what other brands or types
19 of motors were considered?

20 A What other what?

21 Q Types or brands of motors that --

22 A Brands. I have no idea about brands, but
23 they were -- well, you said motors. I'm sorry.
24 Repeat that question. Other types of motors?

25 Q Yes.

1 A I'm not aware of any discussions about
2 other types of motors, no.

3 Q I thought earlier you said --

4 A I thought you said other ways to provide
5 the compression services, other compressors.

6 Q Okay. Let's go with that one.

7 A I am aware that they were considering gas
8 powered compressors as well as electric motor driven
9 compressors.

10 Q And what you're saying is that there was no
11 consideration of using reduced voltage or soft start?

12 A I have no idea what they might have looked
13 at. That's not what they provided to me to analyze.

14 MR. HASWELL: Excuse me. Could I just take
15 one moment?

16 (Short recess.)

17 BY MR. HASWELL:

18 Q I just have a few more questions,
19 Mr. Howell. Would Gulf Power be capable of serving
20 other customers out of the same substation that is to
21 be constructed to serve ECS utilizing the additional
22 transformer that ECS has contracted with Gulf to
23 provide?

24 A No.

25 Q And can you explain to us why that would be

1 true?

2 MR. HOWELL: I don't know if it's going to
3 get into confidential or not.

4 MR. SPANGENBERG: No, that's okay.

5 A To respond to your question, this
6 transformer is a dedicated spare transformer. ECS is
7 paying the cost of it. We own it, but they're paying
8 the carrying costs on it. And they would be foolhardy
9 and incredibly stupid to let us subject that
10 transformer to damage by serving other customers when
11 they're paying the full cost to have it available if
12 the primary transformer fails.

13 Q Okay. Let me rephrase my question.
14 Whether that's an agreement that you have with ECS
15 that it will remain a dedicated spare transformer,
16 from an engineering, physical standpoint, could it be
17 used to serve other customers?

18 A No. It's not available, so you can't serve
19 customers from something that's not available.

20 Q And it's not available because of a
21 contract?

22 A That's right.

23 Q If the contract weren't there, if there was
24 no contract on what to do with that spare transformer,
25 could it be used to serve other customers?

1 A No.

2 Q And tell me why.

3 A It wouldn't be there.

4 Q Let's assume it is there. With the spare
5 transformer in that substation, could it be used to
6 serve other customers?

7 A Okay. The assumption is that there's a
8 spare transformer in that station.

9 Q Yes.

10 A Could it be used to serve other customers?
11 It's not a dedicated spare.

12 Q That's correct.

13 A No, it could not.

14 Q It couldn't serve other customers?

15 A Correct.

16 Q Tell me why.

17 A We don't serve customers with spare
18 transformers. They are spares. If it starts serving
19 customers, it's no longer a spare.

20 Q Okay. Let's use the words "additional
21 transformer." Well, let me just ask you this,
22 Mr. Howell. You're saying that under no circumstances
23 could the addition of a transformer to that substation
24 ever be capable of serving anybody else?

25 A No, I didn't say that.

1 MR. BADDERS: I'll object. That's not --
2 that is a mischaracterization of his testimony.

3 THE WITNESS: That's not what I said.

4 BY MR. HASWELL:

5 Q I'm asking you if that --

6 A That's not what I said. I didn't say that.

7 Q Could you give me an example of how adding
8 an additional transformer could be used to serve other
9 customers?

10 A From that station?

11 Q Yes.

12 A Well, I'm not sure. First of all, we would
13 have the right to -- that's something we would have to
14 see, since it is a customer substation. But from a
15 physics standpoint, you could add a transformer and
16 whatever other facilities are necessary to implement
17 the transformer as a part of the system and serve
18 other customers from that.

19 Q Okay. I don't know if I asked you this
20 question. Who is going to own the substation that's
21 to be providing service to ECS?

22 A Define substation for me.

23 Q I have at this point no concept of it,
24 because you guys are building it.

25 A We will own all of the facilities inside

1 the station. I don't know who's going to own the
2 land. We'll either own the land or have an easement
3 or other legal permission with them.

4 Q So ECS will not own the substation?

5 A That's correct.

6 Q I'm sorry. I thought I heard you say
7 customer substation earlier, but I could be wrong.

8 A I did. It's a customer substation, but
9 that doesn't mean it's owned by the customer. It
10 means it's serving the customer.

11 Q Does Gulf decide whether or not AEC gets
12 transmission service, or is it the Southern Company?

13 A FERC decides.

14 Q So the request that AEC makes has to go to
15 FERC?

16 A The request that AEC makes goes to Southern
17 Company Services, which is the agent for the operating
18 company. And we have a filed tariff with FERC, and if
19 they meet the conditions of the FERC-dictated tariff,
20 they do get service under the tariff. If they don't,
21 they don't, because FERC has these conditions that are
22 required for transmission service. Whether Gulf wants
23 to give or wants not to give service is immaterial.
24 Whether Southern Company Services wants to give or
25 wants not to give is immaterial. If they satisfy the

1 terms of the tariff, they get the service.

2 Q And who determines whether they satisfy the
3 requirements of the transmission tariff, Gulf Power or
4 Southern Company?

5 A Well, Gulf Power and Southern Company
6 really aren't involved. Southern Company Services
7 would review the tariff, the filing requirements, and
8 if in their judgment all the terms and conditions were
9 met, they would award the service. If in their
10 estimation they weren't, they wouldn't award the
11 service. And either party could petition to FERC and
12 say, "We've got a dispute here about whether the terms
13 are being met," and FERC would settle the dispute.

14 MR. HASWELL: I have no other questions.

15 MR. BADDERS: I believe Ms. Stern has a
16 question.

17 EXAMINATION

18 BY MS. STERN:

19 Q Just for the record, my name is Marlene
20 Stern, appearing on behalf of the Commission staff.

21 This is something that was discussed a
22 little bit earlier. We would just like some
23 clarification.

24 A Yes, ma'am.

25 Q Can the 230 kv line be used to serve other

1 customers other than ECS without detrimental effects
2 to ECS?

3 A More than likely it could. It would depend
4 on the nature of it. You could have another
5 substation off that line, and long as the load that's
6 served off of that do not cause voltage or other
7 problems to ECS, then that's what would happen.

8 MS. STERN: Okay. Thank you. That's all.

9 MR. HASWELL: You want to read and sign?

10 MR. BADDERS: We'll read and sign.

11 (Deposition concluded at 10:43 a.m.)

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CERTIFICATE OF ADMINISTERING OATH

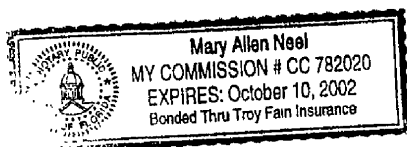
STATE OF FLORIDA)
COUNTY OF LEON)

I, MARY ALLEN NEEL, Notary Public in and for the
state of Florida at Large:

DO HEREBY CERTIFY that on the date and place
indicated on the title page of the foregoing
transcript, an oath was duly administered by me to the
designated witness before testimony was taken.

WITNESS my hand and official seal this 11th day
of september, 2001.

Mary Allen Neel
MARY ALLEN NEEL, RPR
100 Salem Court
Tallahassee, Florida 32301



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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, MARY ALLEN NEEL, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter transcribed under my supervision; and that the foregoing pages numbered 1 through 27 are a true and correct transcription of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, or relative or employee of such attorney or counsel, or financially interested in the action.

DATED THIS 11th day of September, 2001.



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