

One Energy Place  
Pensacola, Florida 32520

Tel 850.444.6111



January 22, 2002

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

Dear Ms. Bayo:

RE: Docket No. 010949-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Rebuttal Testimony to be filed in the above docket consisting of the following witnesses:

Robert A. Bell  
Charles A. Benore  
Francis M. Fisher, Jr.  
M. W. Howell  
J. Thomas Kilgore, Jr.  
Ronnie R. Labrato  
Richard J. McMillan  
Robert G. Moore  
Margaret D. Neyman  
Donald S. Roff  
R. Michael Saxon  
Tony A. Silva and Scott C. Twery

*DNS 00774-02 thru  
00785-02*

Sincerely,

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

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for rate increase by )  
Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 010949-EI

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing has been furnished  
this 22nd day of January 2002 by U.S. Mail to the following:

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

Douglas A. Shropshire, Lt. Col. USAFR  
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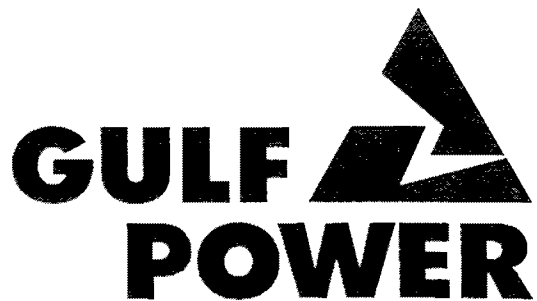


JEFFREY A. STONE  
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Pensacola FL 32576  
850 432-2451  
Attorneys for Gulf Power Company

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 010949-EI**

**REBUTTAL TESTIMONY AND EXHIBIT  
OF  
M.W. HOWELL**



**A SOUTHERN COMPANY**

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Rebuttal Testimony and Exhibit of  
4 M. W. Howell  
5 Docket No. 010949-EI  
6 In Support of Rate Relief  
7 Date of Filing: January 22, 2002

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

9 A. My name is M. W. Howell, and my business address is One Energy Place,  
10 Pensacola, Florida 32520. I am Transmission and System Control  
11 Manager for Gulf Power Company.

12 Q. Are you the same M. W. Howell who has previously filed direct testimony  
13 on Gulf Power Company's (Gulf) behalf in this docket?

14 A. Yes.

15 Q. What is the purpose of your rebuttal testimony in this proceeding?

16 A. I will respond to portions of the testimony of Helmuth W. Schultz, III, that  
17 address Gulf's transmission construction costs in this case.

18 Q. Have you prepared an exhibit that contains information to which you will  
19 refer in your testimony?

20 A. Yes. I have one exhibit to which I will refer. This exhibit was prepared  
21 under my supervision and direction.

22 Counsel: We ask that Mr. Howell's Exhibit (MWH-2),  
23 consisting of one schedule, be marked for  
24 identification as Exhibit No. \_\_\_\_.

1 Q. What is your major concern with the testimony of Mr. Schultz?

2 A. His testimony attempts to portray Gulf's justification for the \$56,035,000 in  
3 transmission capital additions that are projected to occur during the period  
4 January 2001 through May 2003 as minimal, even though my direct  
5 testimony, pages 20 through 22, names specific major transmission  
6 projects that have either been completed or will be completed during this  
7 time frame. My direct testimony states that the purpose of these projects  
8 is "to serve new customers; to strengthen the transmission system to  
9 meet additional demand resulting from load growth; and to replace  
10 damaged, worn out, or obsolete facilities." Mr. Schultz appears to  
11 conclude that Gulf's support of its transmission construction budget is "not  
12 adequate" merely because Gulf filed "approximately two pages of  
13 testimony..." concerning the construction budget.

14  
15 Q. Which projects were discussed in your direct testimony and what details  
16 were given regarding those projects?

17 A. The projects discussed in my direct testimony include the South  
18 Crestview-Glen Tap 115 kV line, the Farley-Sinai Cemetery 230 kV line  
19 and substation, the Laguna Beach-Santa Rosa No. 2 115 kV line, the  
20 Smith Unit 3 step-up substation and interconnection facilities, the Smith-  
21 Highland City 115 kV line, the Callaway-Highland City 115 kV line, the  
22 Smith-Greenwood 115 kV line, and the Smith existing 230 kV switchyard  
23 improvements. As stated in my direct testimony, a total cost of  
24 approximately \$31 million is budgeted just for the Farley-Sinai Cemetery  
25 230 kV line and substation, the Smith Unit 3 step-up substation and

1 interconnection facilities, and the Laguna Beach-Santa Rosa No. 2  
2 115 kV line during the period January 2001 through May 2002. The total  
3 budgeted cost for all the above projects for the period January 2001  
4 through May 2003 is over \$41 million. This represents a major portion of  
5 Gulf's total \$56 million transmission construction budget for the period. I  
6 have indicated in my direct testimony that the projects to rebuild the South  
7 Crestview-Glen Tap 115 kV line and improve the existing Smith 230 kV  
8 switchyard were completed in 2001. Also, I state that the projects for the  
9 Farley-Sinai Cemetery 230 kV Power Supply, the Laguna Beach-Santa  
10 Rosa No. 2 115 kV line, the Smith-Highland City 115 kV line, the  
11 Callaway-Highland City 115 kV line, and the Smith-Greenwood 115 kV  
12 line will be completed by June 2002.

13  
14 Q. Does Gulf's Minimum Filing Requirements (MFRs) filing contain sufficient  
15 information related to its transmission construction projects?

16 A. Yes. The MFR schedules established the level of detail that Gulf is  
17 required to supply to support its transmission expenditures. Gulf provided  
18 all the required information on MFR Schedule B-10, Schedule B-13a,  
19 Schedule B-13b and Schedule F-17.

20  
21 Q. Do you have other concerns about Mr. Schulz's testimony as it addresses  
22 the transmission construction budget?

23 A. Yes. Because my direct testimony clearly identifies these major  
24 transmission capital additions and discusses the need for these projects,  
25 Mr. Schultz's statement that "[t]he Company's failure to provide a

1 description of ...transmission...plant additions is an attempt to shift the  
2 burden of proof” is completely misleading and incorrect. As previously  
3 stated on page 20 of my direct testimony, all of the capital projects that  
4 have been initiated during the January 2001 through May 2003 time frame  
5 are needed to “ensure the continued reliability of Gulf’s transmission  
6 system, as well as to meet the growing energy needs of the company’s  
7 customers.”

8

9 Q. Mr. Schultz implies that Gulf’s transmission construction budget is  
10 overstated from what the Company needs or will actually be spent. Would  
11 you please comment?

12 A. The transmission construction budget we have relied upon in preparing  
13 the test year in this case contains only transmission projects that are  
14 needed to serve Gulf’s customers. A complete listing of budgeted  
15 transmission construction projects and the status of each project for the  
16 January 2001 through May 2003 time frame is included as Schedule 1 of  
17 my rebuttal exhibit. All of these projects are necessary to continue to  
18 meet the needs of Gulf’s customers.

19

20 Q. Does this conclude your testimony?

21 A. Yes.

22

23

24

25

TRANSMISSION CONSTRUCTION BUDGET  
JANUARY 2001 THROUGH MAY 2002

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT (\$000)</u>	<u>STATUS</u>	<u>ESTIMATED COMPLETION DATE</u>
Smith Unit # 3 New Substation ("Sub") Facility	9,716	Completed	-----
Enron Compression Power Supply	3,339	Under Construction	March 2002
Misc. Transmission ("Trans.") Sub Additions/Improvements	461	On-going	Annually
Panama City Trans. Line Additions	343	On-going	Annually
Ft. Walton/Pensacola Trans. Line Additions	774	On-going	Annually
Blackwater-Holley 115 kV Trans. Line Rebuild	226	Completed	-----
Spare Transformer Replacement	1	Completed	-----
S. Crestview-Glen Tap 115 kV Trans. Line Rebuild	1,754	Completed	-----
Crystal Beach Property Purchase	662	Completed	-----
Crist 230 kV Switchyard Insulators	579	Completed	-----
Farley-Sinai Cemetery 230 kV Power Supply	15,066	Under Construction	June 2002
Callaway-Parker Tap 115 kV Trans. Line	1	Prelim. Engineering	Dec 2004
Scholz-Woodruff 115 kV Trans. Line Reconductor	513	Under Construction	Dec 2002
East Bay-Tyndall 115 kV Trans. Line	850	Engineering	Dec 2002
Greenwood-Hathaway Tap 115 kV Trans. Line Reconductor	732	Under Construction	Dec 2002
Long Beach-Shipyard 115 kV Trans. Line Relocation	497	Under Construction	Dec 2002
Crystal Beach 115 kV Capacitor Bank	499	Completed	-----
Rogue Creek-Crystal Beach 230 kV Power Supply	568	Prelim. Engineering	Dec 2005



TRANSMISSION CONSTRUCTION BUDGET  
JANUARY 2001 THROUGH MAY 2002

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT (\$000)</u>	<u>STATUS</u>	<u>ESTIMATED COMPLETION DATE</u>
Crist-Jay Road #2 115 kV Trans. Line Reconductor	1	Completed	-----
Valparaiso-Niceville 115 kV Trans. Line Reconductor	28	Completed	-----
Smith-Laguna Beach 115 kV Trans. Line Upgrade	112	Prelim. Engineering	Dec 2002
Laguna Beach-Lullwater 115 kV Trans. Line Reconductor	490	Completed	-----
Smith Switchhouse Relocation	40	Completed	-----
Smith Unit # 3 Existing Sub Improvements	1,696	Completed	-----
Tyndall Capacitor Bank	255	Engineering	Dec 2002
East Crestview 115 kV Trans. Line Tap	177	Under Construction	Dec 2002
Laguna Beach-Santa Rosa 115 kV # 2 Trans. Line	5,571	Under Construction	June 2002
Smith Unit # 3 Associated System Improvements	3,541	Under Construction	June 2002
EMS System Additions	46	On-going	Annually
Plant Transfers	(8)	On-going	Annually
Total	<u>48,530</u>		

TRANSMISSION CONSTRUCTION BUDGET  
TEST YEAR ENDING MAY 31, 2003

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT (\$000)</u>	<u>STATUS</u>	<u>ESTIMATED COMPLETION DATE</u>
Enron Compression Power Supply	743	Under Construction	March 2002
Misc. Transmission ("Trans.") Sub Additions/Improvements	435	Blanket	Annually
Panama City Trans. Line Additions	300	Blanket	Annually
Ft. Walton/Pensacola Trans. Line Additions	600	Blanket	Annually
Farley-Sinai Cemetery 230 kV Power Supply	4,043	Under Construction	June 2002
Callaway-Parker Tap 115 kV Trans. Line	1	Prelim. Engineering	Dec 2004
Scholz-Woodruff 115 kV Trans. Line Reconductor	136	Under Construction	Dec 2002
East Bay-Tyndall 115 kV Trans. Line	340	Engineering	Dec 2002
Greenwood-Hathaway Tap 115 kV Trans. Line Reconductor	213	Under Construction	Dec 2002
Long Beach-Shipyard 115 kV Trans. Line Relocation	308	Under Construction	Dec 2002
Rogue Creek-Crystal Beach 230 kV Power Supply	71	Prelim. Engineering	Dec 2005
Smith-Laguna Beach 115 kV Trans. Line Upgrade	48	Prelim. Engineering	Dec 2002
Tyndall Capacitor Bank	44	Engineering	Dec 2002
East Crestview 115 kV Trans. Line Tap	73	Under Construction	Dec 2002
Laguna Beach-Santa Rosa 115 kV # 2 Trans. Line	300	Under Construction	June 2002
Smith Unit # 3 Associated System Improvements	58	Under Construction	June 2002
EMS System Additions	50	Blanket	Annually
Plant Transfers	<u>(258)</u>	Blanket	Annually
Total	<u>7,505</u>		