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Pensacola, Florida 32520

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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
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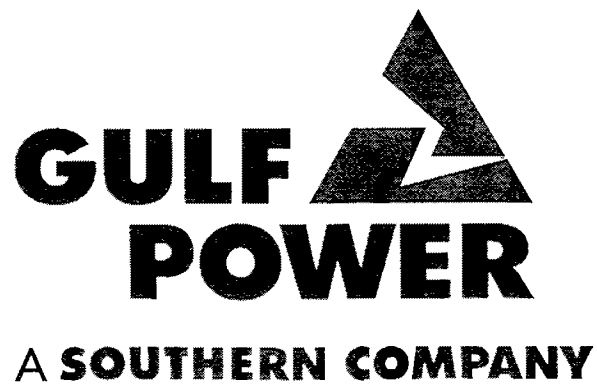


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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 010949-EI

**REBUTTAL TESTIMONY AND EXHIBIT
OF
J. THOMAS KILGORE, JR.**



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 J. Thomas Kilgore, Jr.
5 Docket No. 010949-EI
6 In Support of Rate Relief
7 Date of Filing: January 22, 2002

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

9 A. My name is J. Thomas Kilgore, Jr., and my business address is One
10 Energy Place, Pensacola, Florida 32520. I am Gulf Power Company's
11 General Manager of Customer Services.

12 Q. Please summarize your educational and professional background.

13 A. I graduated from Auburn University in 1980 with a Bachelor's degree in
14 Industrial Engineering. I have been employed at Gulf since 1980 and
15 have held various positions, including Supervisor of Forecasting and
16 Marketing Planning, Manager of Marketing Planning and Research, and
17 General Manager of Marketing. My entire career has been spent in areas
18 devoted primarily to gaining a thorough understanding of customer
19 expectations and finding ways in which those expectations can be
20 effectively and efficiently met.

21 Q. What is the purpose of your rebuttal testimony?

22 A. The purpose of my rebuttal testimony is to address statements contained
23 in the direct testimony of witness Richard Durbin, specifically with regard
24 to his observations relating to consumer complaints received by the
25 Commission concerning Gulf Power Company.

1 Q. Have you prepared an exhibit that contains information to which you will
2 refer in your rebuttal testimony?

3 A. Yes. Exhibit (JTK-1) was prepared under my supervision and direction.

4 Counsel: We ask that Mr. Kilgore's Exhibit (JTK-1)
5 consisting of one schedule, be marked for
6 identification as Exhibit ____.

7

8 Q. Do you have an overall reaction to Mr. Durbin's analysis of consumer
9 complaints to the Commission against Gulf Power?

10 A. Yes, I do. It appears that Mr. Durbin's testimony is accurate and truthful,
11 and I do not wish to take issue with the basic observations contained in
12 his testimony. I believe, however, that it is important to expand upon his
13 analysis of the complaint data in order to facilitate a better understanding
14 of an increase in activity over the past two years, which he points to in his
15 testimony. I will also expand upon Mr. Durbin's observations with regard
16 to those complaints that indicate apparent violation of Commission rules
17 or tariffs.

18

19 Q. Would you please address the increase in complaints cited by Mr. Durbin
20 in each of the last two years?

21 A. Yes. Mr. Durbin indicates that he did not observe any specific cause for
22 the increase in complaints during the years 2000 and 2001, and further
23 states that the complaints were about evenly divided between billing and
24 service complaints, with high bill concerns representing the single most
25 common type of complaint. Further examination of the billing complaints

1 during the January through May time frame for each of the years 1998
2 through 2001 indicates a strong correlation with winter weather conditions.
3 Schedule 1 depicts this relationship between payment related complaint
4 activity during and following the winter season with heating degree-hours
5 recorded during the same winter season of each of these four years.
6 Similarly, complaints related to payment arrangements and non-pay
7 disconnects, which appear to have been categorized as service
8 complaints in Mr. Durbin's analysis, are also more prevalent in months
9 following extreme weather conditions. There were eight such complaints
10 during 2001. Finally, two of the service related complaints included in
11 Mr. Durbin's analysis, which total 18 for the year 2001, were actually
12 withdrawn by the customers after they realized that Gulf Power was not at
13 fault.

14
15 Q. What conclusions do you draw from your further examination of the
16 complaint data?

17 A. While I agree with Mr. Durbin's observation that complaint activity
18 increased in each of the last two years, it is important to search for and
19 understand the underlying causes for these increases. Otherwise, one
20 might draw the mistaken conclusion that Gulf Power's service level to our
21 customers during the last two years has declined relative to previous
22 years. The facts are that circumstances beyond our control, specifically
23 weather conditions, explain the increase in complaint activity. The primary
24 indicators that we use to gauge how well we are meeting our customers'
25 expectations, including customer satisfaction, value and image surveys, all

1 indicate that we have sustained exceptional performance with regard to
2 providing service.

3

4 Q. Do you agree with Mr. Durbin's statement that Gulf Power Company was
5 found to be in apparent violation of Commission rules or tariffs in fewer
6 than two percent of the complaints filed against it?

7 A. While his testimony does not appear to reference a specific time period for
8 this assertion, I agree that for the years 1998 through 2001 Gulf Power
9 was found to be in apparent violation on two of the 101 complaints,
10 representing 1.98 percent, in these four most recent years. It is important
11 to further note that both of these apparent violations were during the first
12 half of 1998, and that we have gone over three and a half years without
13 any apparent violations.

14

15 Q. Please summarize your testimony.

16 A. My testimony is meant simply to place some of Mr. Durbin's observations
17 in their proper context. As pointed out by Mr. Fisher in both his direct and
18 rebuttal testimony, Gulf Power is committed to providing superior service
19 to our customers. The increase in complaints, particularly during 2001,
20 noted by Mr. Durbin in his testimony are due to external factors beyond
21 our control and should not be interpreted in a manner that obscures our
22 accomplishments with regard to providing customer value which is among
23 the very best in our industry.

24

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1 Q. Mr. Kilgore, does this conclude your testimony?

2 A. Yes.

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Weather Related Complaint Activity

