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March 2, 2011

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

RECEIVED-FPSC  
11 MAR - 3 AM 10:50  
COMMISSION  
CLERK

Dear Ms. Cole:

RE: Docket No. 100304-EU

Enclosed for official filing in Docket No. 100304-EU are an original and fifteen copies of the following:

1. Prepared direct testimony of P. Bernard Jacob 01422-11
2. Prepared direct testimony and exhibit of Bernard H. Johnson, Jr. 01423-11
3. Prepared direct testimony and exhibits of W. Mike Feazell. 01424-11
4. Prepared direct testimony and exhibit of Theodore S. Spangenberg, Jr. 01425-11
5. Prepared direct testimony and exhibit of Dr. Richard K. Harper.

Sincerely,

*Susan D. Ritenour*

vm

Enclosure

cc: Beggs & Lane  
Jeffrey A. Stone

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DOCUMENT NUMBER-DATE

01422 MAR-3 =

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Territorial Dispute Between )  
Choctawhatchee Electric Cooperative, Inc. )  
and Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 100304-EU

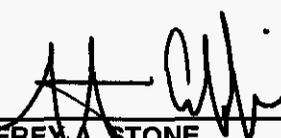
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U.S. Mail this 2<sup>nd</sup> day of March, 2011, on the following:

Ms. LEIGH V. GRANTHAM  
CHOCTAWHATCHEE ELECTRIC COOP.,  
INC.  
P. O. Box 512  
DEFUNIAK SPRINGS, FL 32435-0512  
WTHOMPSON@CHELCO.COM

NORMAN H. HORTON, JR./G. EARLY  
MESSER LAW FIRM  
P. O. Box 15579  
TALLAHASSEE, FL 32317  
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RALPH R JAEGER, ESQ.  
FL PUBLIC SERVICE COMMISSION  
2540 SHUMARD OAK BLVD  
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\_\_\_\_\_  
**JEFFREY A. STONE**

Florida Bar No. 325953

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**Attorneys for Gulf Power Company**

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 100304-EU

DIRECT TESTIMONY  
OF  
P. BERNARD JACOB

COM 5  
APA      
ECR      
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A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

01422 MAR-3 =

FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony of

4 P. Bernard Jacob

5 Docket No. 100304-EU

6 Date of Filing: March 3, 2011

7

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

9 A. My name is P. Bernard Jacob. My business address is One Energy  
10 Place, Pensacola, Florida, 32520. I am the Vice President at Gulf Power  
11 Company with responsibility over Customer Operations.

12

13 Q. Please summarize your educational and professional background.

14 A. I have a Master's of Business Administration and a Bachelor of Science  
15 degree from Mississippi State University. I have held a variety of past  
16 positions within Gulf Power or its affiliates in the functions of External  
17 Affairs, Customer Service, Legislative and Regulatory Affairs,  
18 Telecommunications, Information Technology, and Corporate Services. I  
19 was elected to my position as Vice President of Gulf Power in June, 2003.  
20 I assumed my current responsibilities in March, 2007.

21

22 Q. What is the purpose of your testimony?

23 A. The purpose of my testimony is to provide an overview of Gulf Power  
24 Company's service obligations to prospective customers. I will also  
25 present Gulf Power's position with respect to which utility should be  
awarded the right to provide electric service to the Freedom Walk  
development.

1 Q. Did Gulf Power receive a request to provide service to a development in  
2 Crestview known as Freedom Walk, which is the subject of this territorial  
3 dispute?

4 A. Yes. As Witness Johnson elaborates more fully in his testimony, the  
5 developer of Freedom Walk requested service from Gulf Power Company.  
6 Witness Johnson testifies that the Freedom Walk developer currently  
7 owns the property that is the subject of this territorial dispute.

8

9 Q. Does Gulf Power consider this request for service as a request from the  
10 customer?

11 A. Yes. Again, as Witness Johnson elaborates, the developer in this  
12 instance is the only reasonable proxy for the future customers who will  
13 reside in this development. Therefore, Gulf Power must treat this as a  
14 customer request for service.

15

16 Q. Why has this request for service led to the territorial dispute which is the  
17 subject of this proceeding before the Commission?

18 A. There is one simple reason that the request has given rise to this territorial  
19 dispute -- Choctawhatchee Electric Cooperative, Inc. (CHELCO) has  
20 refused to honor the customer's choice. Of its own volition, CHELCO is  
21 attempting to overturn the customer's choice in this matter despite the fact  
22 that service to the Freedom Walk development would exceed CHELCO's  
23 limited statutory authority to provide electric service in non-rural areas and  
24 the fact that service by Gulf Power would not constitute an uneconomic  
25 duplication of existing facilities.

1 Q. Does Gulf Power have any obligation to provide service to this customer?

2 A. Yes, it does. Gulf Power is a public utility under the laws of Florida. Once  
3 we received the customer's request for service, we became legally  
4 obligated to provide that service unless the provision of such service  
5 would be in violation of other provisions of law or rules in this state. Unlike  
6 a rural electric cooperative, Gulf Power is not at liberty to "pick and  
7 choose" whom it will serve – as a general rule we are obligated to provide  
8 service to all who request it.

9

10 Q. Are you aware of any conditions of this prospective service and/or any  
11 provisions of law or rules with respect to that service that would relieve  
12 Gulf Power of this obligation to serve the Freedom Walk development?

13 A. No, I am not. As Witnesses Feazell and Spangenberg further elaborate,  
14 the provision of this service by Gulf Power Company would not give rise to  
15 any uneconomic duplication of facilities of CHELCO or any other utility,  
16 therefore the obligation to serve is valid and is heartily embraced by Gulf  
17 Power. Further, as Witness Spangenberg elaborates, CHELCO lacks the  
18 permission under law to even offer service to this non-rural area.

19

20 Q. Are you aware of any obligation that CHELCO has, under law or  
21 otherwise, to provide service to this customer?

22 A. No, I am not. The customer has not requested service from CHELCO.  
23 Even if the customer had requested CHELCO to provide service, unlike  
24 Gulf Power, CHELCO has no statutory obligation to provide that service.  
25 CHELCO is not a public utility and therefore has no obligation under

1 Florida law to provide service anywhere in north Okaloosa County, much  
2 less in the Freedom Walk development.

3

4 Q. In addition to the obligation to serve, will the customer benefit from any  
5 other aspects of receiving service from Gulf Power rather than CHELCO?

6 A. Yes. Again, Gulf Power is a public utility and CHELCO is not. Because of  
7 this difference this customer, as every other Gulf Power customer, will  
8 benefit from the full regulatory oversight of the Florida Public Service  
9 Commission. In addition to the obligation to serve, this is most readily  
10 apparent in the regulation of the level of Gulf Power's retail rates – a  
11 benefit to which CHELCO customers are not privileged.

12

13 Q. Will the rest of Gulf Power's customers benefit from Gulf Power providing  
14 service to the Freedom Walk development?

15 A. Yes. There are certainly economies of scale in this business. Serving  
16 more customers and/or more electric load with existing capacity in  
17 substations and transmission lines is beneficial for all of our customers  
18 because it lowers costs for everyone.

19

20 Q. What is Gulf Power's philosophy with respect to the role that "the  
21 customer" plays in territorial dispute matters?

22 A. Gulf Power believes that customer choice is one of the foundational  
23 building blocks of the free enterprise system. The applicable law, both  
24 with respect to competitive practices in general and as it has developed in  
25 Florida with regard to the more limited choice of electricity supplier,

1 provides that it is the customer who should make the initial choice as to  
2 which electricity supplier should serve a particular new load. Unless there  
3 is a clear and certain determination that uneconomic duplication would be  
4 caused -- or there is some other legal or regulatory constraint, such as  
5 what type of utility is authorized to serve a certain type of customer -- Gulf  
6 Power has historically and consistently held that customer choice should  
7 be determinative in any question about which utility should provide service  
8 to a new customer.

9

10 Q. Which utility should be awarded the right to serve the Freedom Walk  
11 development?

12 A. Gulf Power Company.

13

14 Q. What evidence is Gulf Power Company offering to support this position?

15 A. As noted earlier, I am the Vice President with responsibility over Customer  
16 Operations for Gulf Power, and three seasoned and highly-qualified  
17 professionals from my organization are providing more detailed testimony  
18 in support of the customer's choice that Gulf Power should serve the  
19 Freedom Walk development. Gulf Power will also be offering the  
20 testimony of Dr. Richard K. Harper, a respected economist and Executive  
21 Director of the University of West Florida's Office of Economic  
22 Development and Engagement. Witness Johnson provides conclusive  
23 evidence as to the customer's preference for service by Gulf Power, the  
24 non-rural nature of this customer, and the magnitude of load and revenue  
25 it will represent to our company. Witness Feazell provides evidence as to

1 the cost Gulf Power is expecting to incur to extend service to this  
2 customer, and contrasts that cost with the much higher cost that CHELCO  
3 will incur. Witness Harper addresses the non-rural nature of certain  
4 communities and areas served by CHELCO across northwest Florida.  
5 Witness Spangenberg, building upon the testimony of Witnesses  
6 Johnson, Fezell, and Harper, provides ample evidence regarding  
7 CHELCO's lack of authorization under law to serve Freedom Walk and  
8 the certainty that no uneconomic duplication of facilities will occur if the  
9 customer's request for service is honored.

10

11 Q. Does this conclude your testimony?

12 A. Yes. This concludes my testimony.

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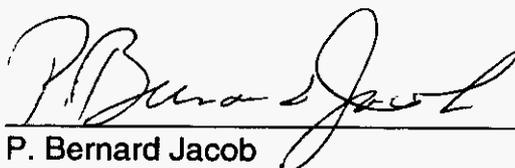
25

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 100304-EU

BEFORE me, the undersigned authority, personally appeared P. Bernard Jacob, who being first duly sworn, deposes and says that he is the Vice President of Customer Operations for Gulf Power Company, a Florida corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. He is personally known to me.



\_\_\_\_\_  
P. Bernard Jacob  
Vice President of Customer Operations

Sworn to and subscribed before me  
This 2<sup>ND</sup> day of March, 2011.



\_\_\_\_\_  
Notary Public, State of Florida at Large

(SEAL)



Vickie L. Marchman  
COMMISSION # DD866249  
EXPIRES: JUN. 26, 2013  
WWW.AARONNOTARY.com