



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE LEGAL OPERATIONS AGENCY

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October 12, 2012

USAF Utility Law Field Support Center
139 Barnes Drive
Tyndall AFB FL 32403

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

Re: Docket No. 120015-EI; Pre-Filed Direct Testimony and Exhibits for Settlement Agreement Hearing

Dear Ms Cole,

Pursuant to Order No. PSC-12-0529-PCO-EI, on behalf of the Federal Executive Agencies, I am enclosing for filing in the above docket an original and 15 copies of the following witnesses' pre-filed direct testimony and exhibit:

Ryan M. Allen

Please let me know if you have any questions or concerns regarding these documents.

Sincerely,

GREGORY J. FIKE, Lt Col, USAF
Chief

Attachment: cc Counsel for Parties of Record

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| COM | 5 |
| AFD | 4 |
| APA | 1 |
| ECO | 1 |
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| GCL | 1 |
| IDM | 1 |
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| CLK | 1 |

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and foregoing copy of THE FEDERAL EXECUTIVE AGENCIES' DIRECT TESTIMONY AND EXHIBITS FOR WITNESS RYAN M. ALLEN has been furnished by electronic mail on this 12th day of October, 2012, to the following:

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By: s/Gregory J. Fike
Gregory J. Fike, Lt Col, USAF

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

_____)
In Re: Petition for Increase in)
Rates by Florida Power & Light)
Company)
_____)

Docket No. 120015-EI

Direct Testimony and Exhibits of

Ryan M. Allen

On behalf of

Federal Executive Agencies

October 12, 2011

DOCUMENT NUMBER-DATE

06958 OCT 12 2011

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**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|-----------------------|-----------------------------|
| In Re: Petition for Increase in Rates by Florida Power & Light Company |))))) | Docket No. 120015-EI |
|---|-----------------------|-----------------------------|

Direct Testimony of Ryan M. Allen

Q. Please state your name and business address:

A. Ryan M. Allen. 1225 Jupiter St., Patrick Air Force Base, FL 32925.

Q. What is your position:

A. I am the Chief of Financial Policy, Patrick Air Force Base (AFB), Florida.

Q. Would you please summarize your education and professional background?

A. I have a Bachelor of Science degree in Business Administration with an emphasis in Economics from Southeast Missouri State University and Master of Science in Economics & Finance from Southern Illinois University at Edwardsville. I have been a cost estimator in various capacities for the Air Force since 1995. I am an adjunct instructor of economics at Brevard Community College and Webster University.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to identify the economic impact of Patrick AFB and Cape Canaveral Air Force Station on the Florida economy, and highlight the impact of increased utility bills on Patrick AFB and Cape Canaveral Air Force Station.

1 **Q. Are you sponsoring any exhibits as part of your testimony?**

2 A. I am sponsoring one exhibit, the 2011 Economic Impact Analysis for Patrick AFB and Cape
3 Canaveral Air Force Station (hereinafter: RMA-1). It is a 6 page document with a cover page on
4 page 1 and 5 tables on pages 2-6.

5

6 **Q. What is the military mission of Patrick AFB?**

7 A. The 45th Space Wing (Patrick AFB) Mission statement is:

8 One Team...Delivering Assured Space Launch, Range and Combat Capabilities for the Nation.

9

10 **Q. What is the approximate size of the workforce at Patrick AFB and Cape Canaveral Air
11 Force Station?**

12 A. See Table 1 below and Exhibit RMA-1

| | |
|--|--------------|
| Active Duty (AD) | 2,188 |
| Air Force Reserve/Air National Guard | 154 |
| Non-Extended Active Duty Reserve/ANG | 1,063 |
| Individual Mobilization Augmentees | 243 |
| General Schedule, Wage Grade, DICPS, NSPS | 2,181 |
| Civilian NAF | 263 |
| Civilian BX | 150 |
| Bank/Credit Union | 8 |
| Post Office | 1 |
| Contracted workers | 3665 |
| TOTAL: | 9916 |

1 **Q. What is the approximate economic impact of Patrick AFB and Cape Canaveral Air**
2 **Force Station on the Florida economy?**

3 A. Patrick AFB and Cape Canaveral Air Force Station employ a \$336 million payroll, and
4 impact the state's economy with construction projects, major contracts and daily procurements,
5 education requirements, health necessities, and commissary and exchange expenditures. In
6 addition to Patrick AFB's and Cape Canaveral Air Force Station's work force, there are more
7 than 24,000 serviced military retirees living in the local area, who continue to have a large
8 impact on the state's economy. Additionally, Patrick AFB and Cape Canaveral Air Force Station
9 generate nearly 4,850 secondary jobs in the local communities in such fields as housing, food
10 and the services industries, with an estimated economic impact on Florida of approximately
11 \$208 million per year. Lastly Patrick AFB and Cape Canaveral Air Force Station executed
12 approximately \$701 million in annual contract awards in Fiscal Year 2011. (See RMA-1)

13

14 **Q. Where does Patrick AFB and Cape Canaveral Air Force Station purchase its electric**
15 **utility service, what rate class do they fall under, and how much is the annual electric**
16 **utility bill?**

17 A. Patrick AFB and Cape Canaveral Air Force Station purchase electric utility services from
18 Florida Power and Light Company (FP&L) and receive service under the CILC-1T and GSLDT3
19 Rate Schedules. For Fiscal Year 2012, (October, 1 2011 – September 30, 2012) Patrick AFB
20 and Cape Canaveral Air Force Station paid FP&L approximately \$15.7 million for electric utility
21 service.

22

23 **Q. What funds are used to pay Air Force utility bills?**

24 A. The funds used to pay for the utility service provided by FP&L are operations and
25 maintenance (O&M) funds. In addition to paying for utilities, operations and maintenance funds

1 are also used to fund military operations and maintenance. Utility bills are "must pay" bills,
2 meaning they are among the first requirements funded and paid by the government. Any cost
3 avoidance or reduction in costs Patrick AFB or Cape Canaveral Air Force Station realizes in
4 their utility payments provides a corresponding increase in funds that could be utilized
5 elsewhere for essential military operations and maintenance.

6

7 **Q. What happens to Patrick AFB's O&M funds when there is a large increase in utility**
8 **bills?**

9 A. Since the funding used to pay utility bills is the same funding used to fund military operations
10 and maintenance, when utility bills increase, other areas of military operations and maintenance
11 must be reduced. The only mechanism to increase the overall funding level is to request
12 additional appropriations from Headquarters Air Force and ultimately, Congress.

13

14 **Q. Does this conclude your testimony?**

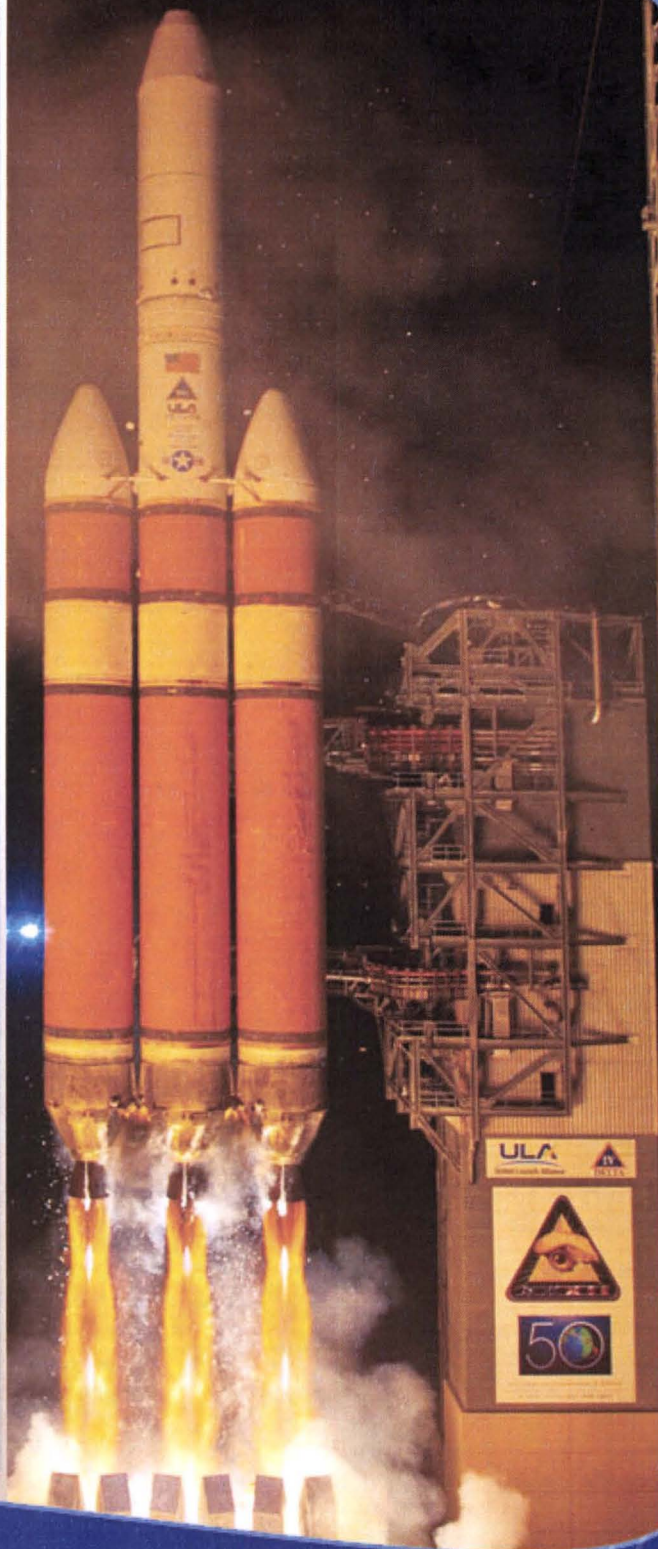
15 A. Yes it does.

2011

ECONOMIC IMPACT ANALYSIS

PATRICK AIR FORCE BASE &
CAPE CANAVERAL AIR FORCE STATION

45TH SPACE WING
1201 EDWARD H. WHITE II STREET
PATRICK AFB, 32925



45th Space Wing Public Affairs Office may be contacted
at (321) 494-5933 to answer any questions concerning this document

ECONOMIC IMPACT ANALYSIS

PATRICK AFB - FY11



TABLE 1
PERSONNEL BY CLASSIFICATION AND HOUSING LOCATION

As of: 4-Jan-11

| CLASSIFICATION | LIVING ON BASE* | LIVING OFF BASE | TOTAL |
|---|-----------------|-------------------------|---------------|
| 1. APPROPRIATED FUND MILITARY | | | |
| Active Duty (AD) | 123 | 2,065 | 2,188 |
| Air Force Reserve/Air National Guard | | 154 | 154 |
| Non-Extended Active Duty Reserve/ANG | | 1,063 | 1,063 |
| Individual Mobilization Augmentees | | 243 | 243 |
| Trainees/Cadets | | | 0 |
| | | | |
| TOTAL: | 123 | 3,525 | 3,648 |
| *Dorm residents only; all considered AD for purposes of reporting | | | |
| 2. ACTIVE DUTY MILITARY DEPENDENTS | | | |
| | 0 | 5,051 | 5,051 |
| 3. APPROPRIATED FUND CIVILIANS | | | |
| General Schedule, Wage Grade, DICPS, NSPS | | | 2,181 |
| Other | | | |
| | | | |
| | | TOTAL: | 2,181 |
| 4. NON-APPROPRIATED FUND CONTRACT CIVILIANS AND PRIVATE BUSINESS | | | |
| Civilian NAF | | | 263 |
| Civilian BX | | | 150 |
| Contract Civilians (not elsewhere included) | | | 3,665 |
| Private Businesses On Base, By Type: | | | 9 |
| Branch Banks/Credit Union | | | 8 |
| Other Civilians (not elsewhere included) | | | 1 |
| | | | |
| | | TOTAL: | 4,087 |
| | | | |
| | | TOTAL PERSONNEL: | 14,967 |



ECONOMIC IMPACT ANALYSIS

PATRICK AFB - FY11

TABLE 2
ANNUAL PAYROLL BY CLASSIFICATION AND HOUSING LOCATION

As of: 4-Jan-11

| CLASSIFICATION | LIVING ON BASE (\$) | LIVING OFF BASE (\$) | TOTAL (\$) |
|---|---------------------------|----------------------------|----------------------|
| 1. APPROPRIATED FUND MILITARY | | | |
| Active Duty (AD) | \$2,614,874 | \$158,117,652 | \$160,732,526 |
| Air Force Reserve/Air National Guard | | \$13,656,728 | \$13,656,728 |
| Non-Extended Active Duty Reserve/ANG | | \$27,952,429 | \$27,952,429 |
| Individual Mobilization Augmentees | | \$5,555,203 | \$5,555,203 |
| Trainees/Cadets | | | \$0 |
| TOTAL: | \$2,614,874 | \$205,282,012 | \$207,896,886 |
| 2. APPROPRIATED FUND CIVILIANS | | | |
| General Schedule, Wage Grade, DICPS, NSPS | | | \$116,756,377 |
| Other | | | |
| TOTAL: | | | \$116,756,377 |
| 3. NON-APPROPRIATED FUND CONTRACT CIVILIANS AND PRIVATE BUSINESS | | | |
| Civilian NAF | | | \$7,107,196 |
| Civilian BX | | | \$4,366,162 |
| Contract Civilians (not elsewhere included) | | | \$0 |
| Private Businesses On Base, By Type: | | | \$259,269 |
| Branch Banks/Credit Union | | | \$206,167 |
| Other Civilians (not elsewhere included) | | | \$53,102 |
| TOTAL: | | | \$11,732,627 |
| TOTAL ANNUAL PAYROLL: | | | \$336,385,891 |



ECONOMIC IMPACT ANALYSIS

PATRICK AFB - FY11



TABLE 3
EXPENDITURES FOR CONSTRUCTION, SERVICES, AND PROCUREMENT OF
MATERIALS, EQUIPMENT, AND SUPPLIES

(Not including contracts for services supplied to other Air Force installations)

As of: 4-Jan-11

| | ACTUAL ANNUAL EXPENDITURES |
|--|-------------------------------|
| 1. CONSTRUCTION | |
| Military Construction Program | \$151,506,906 |
| Non-Appropriated Fund | \$309,213 |
| Military Family Housing | \$0 |
| O&M | \$65,775,759 |
| Other | \$7,352,009 |
| | ----- |
| TOTAL: | \$224,943,887 |
| | |
| 2. SERVICES | |
| Services Contracts * | \$439,143,083 |
| Other Services (not elsewhere included) | \$0 |
| | ----- |
| TOTAL: | \$439,143,083 |
| | |
| 3. MATERIALS, EQUIPMENT, AND SUPPLIES PROCUREMENT | |
| Commissary | \$2,912,178 |
| Base Exchange (BX) | \$0 |
| Health (CHAMPUS, Government cost only) | \$8,911,773 |
| Education (Impact aid and tuition assistance) | \$2,109,630 |
| TDY | \$3,164,321 |
| Other Materials, Equipment & Supplies (not elsewhere included) | \$20,207,334 |
| | ----- |
| TOTAL: | \$37,305,236 |
| | |
| TOTAL ANNUAL EXPENDITURES: | \$701,392,206 |

* Includes only contracts in the local economic area or contracts requiring the use of locally supplied goods and services.



ECONOMIC IMPACT ANALYSIS

PATRICK AFB - FY11



TABLE 4
ESTIMATE OF NUMBER AND DOLLAR VALUE OF INDIRECT JOBS CREATED

As of: 4-Jan-11

| Type of Personnel | # of Base Jobs | Multiplier | # of Indirect Jobs |
|----------------------|-------------------|------------|-----------------------|
| ACTIVE DUTY MILITARY | 2,188 | 0.41 | 897 |
| RESERVE/ANG/TRAINEES | 1,217 | 0.41 | 499 |
| APF CIVILIANS | 2,181 | 0.55 | 1,200 |
| OTHER CIVILIANS | 4,087 | 0.55 | 2,248 |
| TOTAL: | 9,673 | | 4,844 |

ESTIMATED NUMBER OF INDIRECT JOBS CREATED: 4,844

AVERAGE ANNUAL PAY FOR THE LOCAL COMMUNITY: \$42,990

ESTIMATED ANNUAL DOLLAR VALUE OF JOBS CREATED: \$208,243,560

Data Sources:
 Multipliers: LMI Economic Impact Database, Installations and Indirect/Induced Job Multipliers, Feb 95
 Avg Annual Pay: http://www.bls.gov/oes/current/oes_37340.htm#00-0000



ECONOMIC IMPACT ANALYSIS

PATRICK AFB - FY11

TABLE 5
TOTAL ANNUAL ECONOMIC IMPACT ESTIMATE

As of: 4-Jan-11

| | | |
|--|---------------------------------|------------------------|
| ANNUAL PAYROLL: | | \$336,385,891 |
| | Military | \$207,896,886 |
| | Federal Civilian | \$116,756,377 |
| | Other Civilian | \$11,732,627 |
| ANNUAL EXPENDITURES: | | \$701,392,206 |
| ESTIMATED ANNUAL DOLLAR VALUE OF JOBS CREATED: | | \$208,243,560 |
| | Estimated Indirect Jobs Created | 4,844 |
| | Average Annual Pay | \$42,990 |
| | GRAND TOTAL: | \$1,246,021,657 |

The total economic impact of Patrick Air Force Base and its tenants on the local economy was \$1.246 billion for Fiscal Year 2011. An additional \$352 million in retired military pay is received locally.

