



GULF COAST ELECTRIC COOPERATIVE, INC.

A Touchstone Energy® Partner



March 1, 2000

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Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Docket No. 930885-EU

Dear Ms. Bayo:

This letter is in response to our meeting with PSC Staff and Gulf Power Company held on December 17, 1999. At that meeting, it was clearly agreed that each utility would submit to Staff the procedures that are currently in place as to the decision-making process each utility uses in determining its service to a new customer, and the communication, if any, that exists in that procedure. This response is due by March 1, 2000, and this letter and the enclosed document entitled "Current Service Practices" is intended as the requested response of Gulf Coast Electric Cooperative, Inc.

Gulf Power Company, on the other hand, has not submitted any statement of its current practices as requested, but instead sent the Commission a letter dated February 25, 2000, enclosing a Proposed Policy Statement. Gulf Coast did not respond to Gulf Power's Policy Statement prior to this letter because policy statements were not to be submitted by March 1st. The purpose of submitting the parties current practices was to allow the Commission to determine whether or not it needed to go any further than such current practices. Nonetheless, Gulf Coast encloses herewith its proposed Policy Statement that the Commission may wish to consider if the Commission determines that the current services practices are not sufficient. Gulf Coast believes that its draft statement more closely reflects current practice.

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_____ Gulf Coast renews its position that no new policy statements, procedures, or
_____ guidelines need be implemented, and again, reiterates the fact that Gulf Power's
_____ consistent and persistent position maintained over and over again during the litigation
_____ between the parties (over whether or not a boundary was needed) was that the
_____ Commission should do nothing because the current system of resolving service issues
_____ works well. We find it clearly inconsistent for Gulf Power to now claim that new
_____ procedures need to be implemented when it always said the current system "works
_____ well".

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The Power of Human Connections

If further information is needed, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Roy Barnes". The signature is written in a cursive, slightly slanted style.

Roy Barnes, CEO and General Manager

RB/daj
Enclosures

cc: Jeffrey A. Stone, Esquire
Beggs and Lane
Grace Jay, Esquire
Robert Elias, Esquire
Jim Breman

Gulf Coast/Gulf Power
PSC Order Number 98-0174

**CURRENT SERVICE PRACTICES AND PROPOSED
TERRITORIAL POLICY STATEMENT OF
GULF COAST ELECTRIC COOPERATIVE, INC.**

Re: Florida Public Service Commission Docket Number 930885-EU/Order Number
PSC-98-0174-FOFEU

I. CURRENT PRACTICE

1. When Gulf Coast Electric Cooperative, Inc. ("GULF COAST") receives a typical request for new service to a residential or commercial customer, GULF COAST's representative initially determines where the physical location of the service will be in relation to our established services areas.

(a) If the site is in an area where GULF COAST has an established service area, and no Gulf Power Company or other electric utility facilities are nearby, GULF COAST will accept the application and go forward with the service request, subject to the Cooperative's rules and regulations for such service.

(b) If the site is in an area where GULF COAST has no distribution facilities and Gulf Power Company or another electric utility has facilities in close proximity, GULF COAST will decline the request and advise the applicant to contact the other utility.

(c) If the site is in an area where both GULF COAST and Gulf Power Company ("GULF POWER") have adjacent or commingled facilities, GULF COAST will send a representative from the Cooperative's engineering department to the site for evaluation of the proximity of GULF COAST's and GULF POWER's facilities to the site, and the comparable cost of construction to extend service to the applicant.

(1) If it is clear to our representative that our cost to extend service is substantially less than the cost GULF POWER would incur, we will go forward with the application.

(2) If it appears that the cost to extend service to GULF COAST is substantially more than the cost that would be incurred by GULF POWER, GULF COAST will decline service and advise the applicant to contact GULF POWER.

(3) If it appears that the cost to extend service by either GULF COAST or GULF POWER would be substantially the same, our representative will then evaluate whether or not extending service would

result in additional crossings, conflicting service facilities, or safety considerations. If we are satisfied that the applicant prefers service from GULF COAST, notwithstanding GULF POWER's close proximity, and that there are no engineering constraints in providing such service, then GULF COAST will go forward with the applicants request.

(4) If it appears that providing service to the applicant by GULF COAST would lead to unacceptable safety issues, additional crossings of GULF POWER facilities, or other conflicting construction issues, our representative will schedule a meeting with GULF POWER staff to discuss and resolve the service issue.

2. **DEVELOPMENT/LARGE CUSTOMERS.** GULF COAST generally follows the same procedures for developments and large customers involving larger areas of land, except that where the larger area to be served is bordered by GULF POWER facilities, or where GULF POWER has primary facilities in close proximity, GULF COAST notifies GULF POWER of its intent to serve the development. This of course is based on an initial determination by GULF COAST that its cost to extend service to the new development or large customer will be substantially the same or less than such service by GULF POWER. This practice allows GULF POWER the opportunity to object, indicate its intention with regard to any such service, and opportunities to resolve any such disputes.

The foregoing practice has worked well for the Cooperative, and it is the Cooperative's position that it is the most reasonable way to prevent continued uneconomic duplication of facilities by the two utilities.

**PROPOSED
TERRITORIAL POLICY STATEMENT
OF
GULF COAST ELECTRIC COOPERATIVE, INC.**

THIS POLICY STATEMENT is jointly submitted this _____ day of _____, 2000, by Gulf Power Company, a Maine corporation qualified to do business in Florida (hereinafter referred to as "Gulf Power") and Gulf Coast Electric Cooperative, Inc., a Florida not for profit corporation (hereinafter referred to as "Gulf Coast") for review and adoption by the Florida Public Service Commission (hereinafter referred to as the "Commission") in order to govern the relationship between Gulf Power and Gulf Coast. Gulf Power and Gulf Coast shall collectively be referred to herein as "the Parties".

WITNESSETH:

WHEREAS, Gulf Power is an electric utility subject to regulation as a public utility by the Commission pursuant to the provisions of Chapter 366 of the Florida Statutes; and

WHEREAS, Gulf Coast is a rural electric cooperative organized under Chapter 425 of the Florida Statutes and is an electric utility subject to the jurisdiction of the Commission pursuant to Chapter 366 of the Florida Statutes; and

WHEREAS, the parties each own and operate electric facilities in northwest Florida; and

WHEREAS, the Parties desire to avoid further unnecessary and uneconomic duplication of electric facilities in the areas they serve; and

WHEREAS, the Parties desire to avoid future disputes regarding service to new customers; and

WHEREAS, the Commission has authority pursuant to Chapter 366 of the Florida Statutes to resolve territorial disputes between electric utilities as part of the Commission's jurisdiction to assure the avoidance of further uneconomic duplication of generation, transmission and distribution facilities;

NOW THEREFORE, the Commission orders and directs the Parties to comply with the following provisions:

(1) Neither of the Parties shall in the future uneconomically duplicate the other's electric facilities. As noted in Order No. PSC-98-0174-FOF-EU issued January 28, 1998 in Docket No. 930885-EU, the Commission has determined that where the Parties facilities are already commingled in the 27 identified areas within south Washington and Bay Counties, the negligible cost of incremental service expansion

(such as a service drop) by either party in such areas (negligible cost areas) will not result in further uneconomic duplication because both parties already have service facilities in place. In the negligible cost areas, customer preference will be determinative of future electric service by the parties. As further noted in Order No. PSC-98-0174-FOF-EU, there is a body of decisional law of the Commission and the Florida Supreme Court establishing the criteria to be applied in resolving territorial disputes. The Parties will use these criteria and this policy statement in a cooperative effort under the supervision of the Commission to determine the manner in which they will expand their respective facilities in the future, in those areas where conflicts and disputes may arise.

(2) The Parties shall construct or extend distribution lines only when immediately necessary to serve new customers pursuant to a bona fide and documented request for such service from a customer, and shall not construct or extend distribution lines to serve future, speculative growth in the absence of a bona fide and documented request for such construction or extension by a customer. Nothing in this paragraph shall prevent a party from constructing facilities necessary in order to transmit electrical energy between unconnected points on a party's lines when necessary for reliability purposes. Such "point to point" facilities may be used to serve, and to improve service to, new and existing customers of the party who constructed the "point to point" facilities, provided, however, that no existing customers served by the existing facilities of the other party nor any prospective customers immediately adjacent to the existing facilities of the other party may be served by the "point to point" facilities.

(3) Neither of the Parties shall construct or maintain electric distribution lines for the provision of retail electric service to any customer who is then currently being provided retail electric service by the other party.

(4) Except as specified in paragraph one (1) of this policy statement, least cost of new construction shall determine which party shall provide the initial retail electric service to a new customer, unless there is a negligible difference in new cost of construction, in which case the Party receiving the request for service shall provide the service. Nothing herein shall be construed to allow a party to commence electric service to a customer who at the time such service is to commence is already receiving adequate central station electric service from the other party.

(5) When a party receives a request for electric service that is governed by paragraph four (4) of this policy statement and the location is not within one thousand feet (1000') of facilities belonging to the party receiving the request for service but is located within one thousand feet (1000') of the other party's facilities, the party receiving such a request for service shall give to the other party notice in writing within five (5) working days of receipt of the request for electric service. The notice shall set forth the type of electric service requested, the date service is requested to commence, as well as the location of the new service.

(6) The notice required by paragraph five (5) to this policy statement shall begin a suspension period in which the following procedures shall control:

(a) No new construction or extension of electrical facilities to provide permanent retail electric service to the new customer's location shall be undertaken during the suspension period.

(b) The party receiving notice pursuant to paragraph five (5) of this policy statement may request a meeting regarding the proposed electric service in which case such meeting shall be held within ten (10) working days of receipt of such notice. Any request for a meeting pursuant to this paragraph shall be submitted to the other party in writing. Failure of the party receiving notice pursuant to paragraph five (5) to request such a meeting within five (5) working days of receiving the notice shall constitute a waiver of all rights to serve the new location by that party, and the suspension period shall thereupon be terminated.

(c) At the meeting provided for in paragraph (6)(b) or within ten (10) working days thereafter, the Parties shall make a good faith attempt to resolve any dispute regarding which party shall provide electric service to the new location. The sole issue for resolution at the meeting shall be which Party can provide service to the location at the least cost of new construction. The suspension period shall end upon the resolution of the dispute or upon the expiration of the tenth (10th) working day following the meeting provided for in paragraph (6)(b). If the dispute has not been resolved within the suspension period, then the matter shall be submitted to mediation as provided for in paragraph (6)(d). The party with the least cost of new construction for electric service may provide electric service to the requesting customer unless there is only a negligible difference in cost of new construction, in which case the Party receiving the request for service shall provide such service, pending the ultimate resolution of the dispute either through mediation or through a hearing before the Commission.

(d) Unresolved disputes shall be submitted to mediation before the Commission Staff and, if necessary, to a hearing before the Commission. The issues to be resolved in such disputes shall be limited to whether the right to serve the location is governed by paragraph one (1) hereof, relating to customer preference, or in all other cases, least cost or only a negligible difference in cost of new construction to serve the location.

7. This policy statement shall be effective for an initial period of fifteen years from the date this policy statement is issued by the Commission and shall continue thereafter from year to year unless terminated by the Commission with twelve (12) months prior written notice to the Parties. Notwithstanding the foregoing, if "retail access" or "retail wheeling" is mandated at either the federal or state level, then the Commission may terminate this policy statement upon three (3) months prior written

notice to the Parties. Either party may request that the Commission terminate this policy statement for good cause at any time.

8. This policy statement shall have no legal force or effect, and shall not constitute an agreement between the parties unless it is first approved by the Florida Public Service Commission.

Respectfully submitted the _____ day of _____, 2000.

Gulf Coast Electric Cooperative, Inc.

Gulf Power Company

By: _____

By: _____