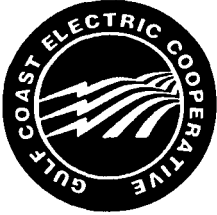


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GULF COAST ELECTRIC COOPERATIVE, INC.

A Touchstone Energy® Partner

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MAIL ROOM

April 14, 2000

Mr. James Breman
Bureau of Electric Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 930885-EU

Dear Mr. Breman:

Please find enclosed Gulf Coast Electric Cooperative responses to Staff's questions regarding the Draft Policy Statements by Gulf Coast Electric Cooperative and Gulf Power Company.

If you have additional questions, please contact me.

Sincerely,

Roy Barnes
CEO/General Manager

AFA	_____	Enclosure
APP	_____	
JAF	_____	
CMU	_____	cc: Beggs and Lane
CTR	_____	Jeffrey A. Stone, Esquire
EAG	_____	Florida Public Service Commission
LEG	_____	Robert Elias, Esquire
MAS	_____	Ms. Blanca Bayo
OPC	_____	Grace Jaye, Esquire
RRR	_____	
SEC	_____	
WAW	_____	
OTH	_____	

DOCUMENT NUMBER - DATE
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FPSC - RECORDS/REPORTING

722 W. Highway 22 - P.O. Box 220	Wewahitchka, Florida 32465	(850) 639-2216	FAX (850) 639-5061
9434 Highway 77 - P.O. Box 8370	Southport, Florida 32409	(850) 265-3631	FAX (850) 265-3634

The Power of Human Connections

GULF COAST ELECTRIC COOPERATIVE
Responses to Staff's Questions Regarding Draft Policy Statements

1. Please define unnecessary and uneconomic duplication of electric facilities as used in your proposed draft of a territorial policy statement.

Construction of new electric facilities parallel to or in close proximity to another utility's electric facilities, at a cost that is significantly higher than the other utility would have incurred to provide service and where the other utility's electric facilities have adequate capacity to have provided electricity to the accounts served by the new construction.

2. Please identify the criteria to be applied in resolving territorial disputes contained in the body of decisional law of the Commission and the Florida Supreme Court which you refer to in Paragraph (1) of your proposed draft of a territorial policy statement.

The body of decisional law of the Commission and the Florida Supreme Court relates to the historical position the Court and the Commission have taken in disputes between utilities that the utility with the least cost of new construction to serve a new customer should serve that customer if other factors such as capacity to serve, quality of service, etc. are equal.

The Florida Supreme Court recently added the criteria that the utility with the higher cost may serve the new customer if the difference in cost to serve is some negligible amount.

3. Please define point to point as used in Paragraph (2) of your proposed draft of a policy statement. Include in your response all examples of point to point facilities which Paragraph (2) is intended to address.

Construction of new distribution lines without a documented request for service from a customer shall be limited to lines constructed to connect two existing distribution lines directly related to improved reliability and service.

Examples of those instances would include, but not necessarily be limited to, the following:

- a) connection of two distribution lines to allow for an alternate substation feed for each distribution line
- b) connection of two distribution lines as the shortest route to extend three phase distribution to an existing single phase distribution line
- c) connection of two distribution lines to improve reliability in the case where the conductor of the line being extended is of such size to improve the load characteristics of the line to which it is connecting
- d) connection of two distribution lines to provide dual feed, not necessarily related to a different substation

4. Please define unconnected points as used in Paragraph (2) of your proposed draft of a territorial policy statement. Include in your response all examples of unconnected facilities which Paragraph (2) is intended to address.

Those points on a utility's system that the utility would seek to connect to provide the increased or enhanced levels of service as described in 3 above.

5. Does Paragraph (2) allow both parties to box in an exclusive service area by first constructing a line deemed necessary for reliability reasons then attaching new customers to the same line because of the proximity and cost requirements specified in other paragraphs of your proposed draft of a territorial policy statement?

No, it is not intended to allow for establishment of an exclusive service area. Reliability and customer service are first and foremost for the justification of lines connecting existing segments of either utility system. Once those lines are established from a legitimate need of reliability, the other factors within the policy statement would apply, placing into consideration things like least cost to serve. Each utility is limited by the inclusion in paragraph (2) 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.

6. Does Paragraph (2) anticipate that lines originally built exclusively for reliability reasons will someday become central station electric service feeders?

Maybe. If the point to point facility traverses areas that are not immediately adjacent to existing facilities of the other party, such facilities may be used to provide new service, so long as any such extension followed the policy statement requirements.

7. Please define adequate central station electric services as used in Paragraph (4) of your proposed draft of a territorial policy statement.

Electric service from a utility that has adequate capacity to deliver the voltage and current requirements of the service.

8. Does Paragraph (4) of your proposed draft of a territorial policy statement apply to the case where a customers' location is already receiving electric service but there is either a change in ownership and/or a change in rate class or schedule?

The fact that the utility has physically connected to this structure would be the deciding factor. Change in ownership or rate class/schedule would not necessarily apply. One factor that might make a difference would be if the change in ownership required electrical characteristics the present utility did not have in place at that location and a competing utility had in place, for instance, requirements for three phase service. This change could be so significantly more costly for one utility that it would be more economically practical for the competing utility to acquire the service, hopefully, amicably.

9. Please explain the terms and conditions for providing interim service whenever a suspension period is initiated pursuant to Paragraph (6) of your proposed draft of a territorial policy statement.

The utility with the least cost of new construction required for the interim service, typically, the utility with the facilities in the closest proximity to the request location, would construct the interim service, pending resolution or termination of the suspension period.

10. Paragraph (6) of your proposed draft of a territorial policy statement provides for an evidentiary hearing before the Commission. Please provide the following:

a) Why all such proceedings should be scheduled on an expedited basis?

It is not necessary for the proceeding to be scheduled on an expedited basis, given that the utilities together would have assured that the requesting customer receive adequate electrical service in a timely response to his/her request from the utility with the least cost to serve interim power.

b) Why all such proceedings should not be scheduled on an expedited basis?

See response to previous question.

c) If, by agreement both parties request a hearing, which party will carry the burden of proof?

The party who objects to service to a customer by the other party should have the burden of proof.

d) What is the Commission's authority to require one party to pay any portion of the other party's litigation costs?

The Commission has no authority to require one party to pay any portion of the other party's litigation costs.

11. Under what law and conditions can the Commission terminate the territorial policy statement once it is in effect?

The Commission has the jurisdiction on a continuing basis, to review, monitor and determine all territorial agreements, issues, and disputes. If federal or state law changes how the electric utility industry in Florida is structured, and such changes would have an adverse affect on the parties under the policy statement, the Commission has the authority to change or terminate it. In addition, the parties (either jointly or severally) may petition the Commission at any time to modify or terminate the policy statement if the parties (or either of them) believes that the policy statement was no longer in the best interests of its rate payers.