

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 100304-EU

DIRECT TESTIMONY AND EXHIBIT
OF
BERNARD H. JOHNSON, JR.

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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Bernard H. Johnson, Jr.
5 Docket No. 100304-EU
6 Date of Filing: March 3, 2011

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

8 A. My name is Bernard H. Johnson, Jr. My business address is 140
9 Hollywood Boulevard, Fort Walton Beach, Florida, 32548. I am the
10 Energy Sales and Efficiency Supervisor for Gulf Power Company.

11 Q. Please summarize your educational and professional background.

12 A. I began my employment with Gulf Power in June of 1987 as a utility man
13 in the line crew. Upon obtaining my undergraduate degree in business
14 and marketing from Troy University in 1990, I was promoted to
15 engineering representative and served in that capacity for three years. I
16 then moved to Customer Service as a Field Accounting Supervisor and
17 then as a Customer Service Supervisor. In 1995, I transitioned to Gulf
18 Power's Marketing group wherein my responsibilities exposed me to both
19 new and existing construction practices. In 1997, I became the company's
20 Key Account Specialist. In that role, my duties were to service seven of
21 the largest volume builders in Gulf Power's service footprint. I acted as
22 the liaison between the builder/developers and Gulf Power, and was
23 responsible for coordinating construction activities ranging from "the
24 shovel in the ground" to "the meter on the wall." Specific job functions
25 included meeting with developers' management teams, providing tools for

1 the sales teams and ensuring that power was available for the
2 construction superintendents. Another function of this position was to
3 provide this same level of service to the multi-family construction projects
4 within the company's service footprint. I served as a Key Account
5 Specialist for eleven years. My present responsibilities include leading the
6 Residential sales team in the Fort Walton Beach District, which includes
7 Okaloosa and Walton counties. The Residential sales team's primary duty
8 is to assist builders, developers, subcontractors and trade allies with
9 matters relating to efficiency and energy conservation in new and existing
10 construction.

11

12 Q. What is the purpose of your testimony?

13 A. My testimony addresses the nature of the area that is the subject of this
14 territorial dispute – the Freedom Walk development. I also address the
15 planned load of the development and issues relating to customer choice.

16

17 Q. Have you prepared an exhibit that contains information to which you will
18 refer in your testimony?

19 A. Yes. I have one exhibit I am sponsoring as part of my testimony. My
20 exhibit (BHJ-1) consists of a copy of two letters received by Gulf Power
21 Company from the developer of Freedom Walk identifying Gulf Power as
22 the utility of choice for electric service to the development.

23 Counsel: We ask that Mr. Johnson's exhibit as just described
24 be marked for identification as Exhibit No. ____
25 (BHJ-1).

1 Q. Are you familiar with the disputed area described as the Freedom Walk
2 development?

3 A. Yes. The Freedom Walk development is a planned 179 acre mixed-use
4 development in the City of Crestview, Florida.

5

6 Q. How did you become aware of the Freedom Walk development?

7 A. As a Key Account Specialist, the marketing manager of one of my
8 assigned builder companies introduced me to Bruce Houle in 2007. Mr.
9 Houle and his affiliates have prior experience with developments in the
10 Atlanta, Georgia area. Freedom Walk is one of several projects that Mr.
11 Houle and his company, Emerald Coast Partners, LLC, want to develop in
12 Okaloosa County. I assisted him with review and coordination efforts of
13 the proposed projects. Discussions between Mr. Houle and me are
14 ongoing concerning start dates, lot layout, multi-family placement, lift
15 station sizes and location, possible commercial construction and utility
16 infrastructure for the Freedom Walk development.

17

18 Q. Please describe your understanding of the planned composition and
19 nature of Freedom Walk?

20 A. The developer has yet to commence construction on the project.
21 However, based on my involvement with the project to date, it is my
22 understanding that the composition and nature of Freedom Walk, when
23 fully developed, will be somewhat unique relative to other developments in
24 Okaloosa County. It will be quite large and have a military theme with
25 street names to reflect that theme. The development itself will be

1 subdivided, containing lots of varying prices and sizes. It will also contain
2 multi-family units, commercial parcels, and a planned YMCA.

3

4 Q. How would you characterize Freedom Walk, as planned, in contrast with
5 other residential developments with which you are familiar?

6 A. In addition to its military theme, Freedom Walk will be different than a
7 standard production builder development. It will be larger, have more
8 amenities and will be an urban development with the characteristics of a
9 planned community. The lots will differ in size and price, the street lighting
10 will be decorative in nature and the landscaping will feature a variety of
11 plants, flowers, trees, and shrubs. The amenities of Freedom Walk will
12 also include an upscale clubhouse with a pool, sun deck, and exercise
13 equipment. The development will include nature trails and bridges in
14 addition to several ponds with lots located along the waterfront areas. The
15 primary street arteries will also be heavily landscaped for additional
16 aesthetics.

17

18 Q. Has the developer or the City of Crestview made any special provisions to
19 accommodate this development, given its unusual size and/or character?

20 A. Yes. In 2008, the City of Crestview annexed the property into the city
21 limits and worked toward devising a plan and layout to provide sewer
22 services. At the request of the developer, the City also enacted Ordinance
23 Number 1378 which established the Freedom Walk development as a
24 "Community Development District" pursuant to Chapter 190, Florida
25 Statutes. A copy of Ordinance Number 1378 is attached as Schedule 1 to

1 the Exhibit of Witness Spangenberg. According to section two of
2 Ordinance Number 1378, the Freedom Walk Community Development
3 District is "situated entirely within The City limits of Crestview, Florida."
4

5 Q. You mentioned that a "Community Development District" has been
6 established for Freedom Walk. What is a Community Development
7 District?

8 A. A Community Development District, or "CDD," is a vehicle that allows a
9 developer, along with a Board of Supervisors, to finance, construct and
10 maintain basic infrastructure to support community development such as
11 water supply, sewer, storm-water facilities, roads, and recreational areas.
12 As described in section 190.003(6), Florida Statutes, a CDD serves the
13 function of "the delivery of urban community development services."
14

15 Q. Are there any significant additions of new residents to the Crestview area
16 anticipated in the near future that may have given impetus to Freedom
17 Walk?

18 A. Yes. In the very near future, the Crestview area will experience an influx
19 of new residents associated with the movement of two large military
20 commands, the Joint Strike Fighter Squadron and the 7th Special Forces
21 Group, to Eglin Air Force Base. The Joint Strike Fighter Squadron will be
22 stationed near Eglin's Main Gate which is located approximately 20 miles
23 from Crestview. The 7th Special Forces Group will be stationed at Duke
24 Field, which is located only eight miles from Crestview. This transition will
25 involve approximately 2,200 military personnel plus an additional 6,000

1 family members. Historically, a significant portion of personnel from Eglin
2 Air Force Base have made their home in Crestview, Okaloosa County's
3 most populated city. The name of the development, its contour and
4 character, and location in the north end of town where Crestview's growth
5 is maturing, are all attractive attributes for incoming military residents.

6 Also, Vision Airlines has recently opened hub operations at the
7 Northwest Florida Regional Airport, located approximately 20 miles south
8 of Crestview. Establishment of the Vision Airlines hub is expected to
9 create 4,200 additional jobs in the local economy and is expected to
10 further increase the demand for residential accommodations in Crestview.

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Q. Compared to other communities in Northwest Florida with which you are familiar, how would you characterize the recent and near-term expectations for growth and development of the Crestview area?

A. I would characterize it as "very strong". As previously mentioned, the military movement in the area is aggressive. The service members moving to the area, particularly those that are part of the more senior 7th Special Forces Group, are not as likely to move away within two to three years due to the desire of the military for their personnel to have extended orders of four to six years. Their families grow up in the area and take up residence as well.

1 Q. Would you characterize Freedom Walk, as planned, as “rural” or “urban”
2 and why?

3 A. I would characterize Freedom Walk as an urban development. As
4 mentioned previously, the development is located within the municipal
5 boundaries of the City of Crestview and has been approved as a CDD
6 pursuant to Chapter 190, Florida Statutes. Moreover, based on
7 discussions with the developer, this project is expected to contain 489
8 single-family lots and 272 multi-family units. The plans to incorporate a
9 YMCA and small commercial outlets further confirm this to be an urban
10 development. Other urban characteristics of the development include
11 sidewalks, underground electric utilities, phone, cable TV, water, sewer,
12 garbage services and municipal police and fire protection.

13
14 Q. In your professional experience working with residential development
15 interests, is it typical for the developer to make arrangements for the initial
16 provision of electrical service and other utilities to the development?

17 A. Yes, and for more than one reason. The developer is the agent that
18 brings the project together. The developer oversees and orchestrates all
19 aspects of property development, from property purchase, obtaining
20 permits for vegetation removal, obtaining development permits, and
21 initiating and overseeing the installation of water, sewer, power and all
22 other utilities. The developer is doing this on behalf of the future
23 customers who will ultimately build on those lots and live in the resulting
24 homes.

25

1 The developer also decides who will construct the homes, which
2 could be the developer itself or one or more home builders. In this
3 respect, again, the developer is making major decisions on behalf of future
4 residents.

5 If and when a homeowners' association is formed, the developer
6 initially retains at least 51 percent of the votes, allowing it to retain control
7 over subdivision decisions. The developer's stake is associated with the
8 number of unsold lots. Again, the developer is in control of significant
9 elements on behalf of future property owners.

10 In this particular instance, the developer is also currently the owner
11 of the property on which the development is planned.

12 For all of these reasons, Gulf believes it is necessary and
13 appropriate to view the developer as the "customer" for purposes of
14 requests for electric service.

15

16 Q. Has the customer, as represented by the key personnel involved in the
17 development aspects of Freedom Walk, expressed a preference for an
18 electric utility for the provision of electric service to Freedom Walk?

19 A. Yes, it has. In September 2007, Gulf Power initially received a letter from
20 the developer, Emerald Coast Partners, LLC. The letter gave a
21 description of the preliminary number of units to be constructed and
22 referenced Gulf Power as the utility of choice for electrical service. In
23 February 2011, the developer provided a follow-up letter reconfirming its
24 choice of Gulf Power as the provider of electric service for Freedom Walk.
25 A copy of both letters is attached as Schedule 1 to my Exhibit.

1 Q. What is the anticipated load and estimated annual revenue for the
2 Freedom Walk development?

3 A. The anticipated load for the Freedom Walk development upon full build-
4 out is 4,636 kilowatts with estimated annual non-fuel revenue of \$483,828.
5 My calculations are based on an expected build-out of 489 single-family
6 homes and 272 multi-family units.

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8 Q. Does this conclude your testimony?

9 A. Yes. This concludes my testimony.

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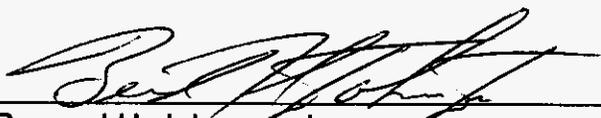
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STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

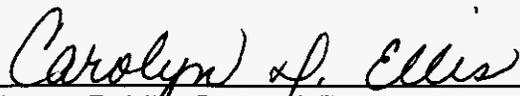
Docket No. 100304-EU

BEFORE me, the undersigned authority, personally appeared Bernard H. Johnson, Jr., who being first duly sworn, deposes and says that he is the Energy Sales & Efficiency Supervisor 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.



Bernard H. Johnson, Jr.
Energy Sales & Efficiency Supervisor

Sworn to and subscribed before me
this 13th day of March, 2011.



Notary Public, State of Florida at Large

(SEAL)



Emerald Coast Partners, LLC
3180 Mathieson Drive
Unit502
Atlanta, GA 30305
866-623-6763ph □ 404-874-0905f

SCHEDULE 1
Page 1 of 2

September 16, 2008

Mr. Bernard H. Johnson
Key Accounts Specialist, Senior
140 Hollywood Boulevard
Ft. Walton Beach, Fl. 32548-4772

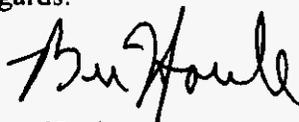
RE: Freedom Walk LLC development 179± Acres Crestview, FL.

Bernard:

Please accept this letter as our request to have Gulf Power service our electrical needs for this aforementioned development in Crestview, FL. with Emerald Coast Partners. I've attached a site map as an exhibit for the exact location of this development. Presently, the plans are to develop 424 single family sites, 288 apartments, a YMCA, and 46,000 SF of commercial. The development will break ground first quarter of 2008 with the first phase and I have also attached a phase in site plan for your review.

I look forward to working with you and Gulf Power. Please contact me with any questions. Thank you Bernard.

Regards:



Bruce Houle
Emerald Coast Partners, LLC
3180 Mathieson Drive
Unit 502
Atlanta, GA 30305
Tel: 404-874-5544
Fax: 404-874-0905
Cell: 404-405-2547
Email: bhoule@ncfone.com

Cc: Teresa Gaillard
Phil Weener
Ken Wright

**Emerald Coast Partners LLC
5887 Glenridge Dr.
Suite 275
Atlanta, Ga. 30350**

FOR 850-833-4825

February 10, 2011

Mr. Bernard H. Johnson
Energy Sales & Efficiency Supervisor
Gulf Power
140 Hollywood Boulevard
Pt. Walton Beach, Fl. 32541-4772

Re: Freedom Walk LLC Mixed Use Residential Development Crestview, Fl.

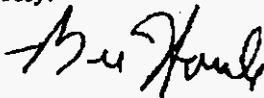
Dear Mr. Johnson:

On Behalf of Emerald Coast Partners, this is a letter request to Gulf Power to provide our electrical service capability at the Freedom Walk Development. We originally requested Gulf Power to provide these services in Sept of 2008 and we are aware of a ongoing dispute with Cheico for these services at this time. It remains our intention to have Gulf Power provide the design and service of this project. We are aware of Gulf Power's approved rate distribution and we believe the consumers will benefit from Gulf Power's services.

Please contact me with any questions and we look forward to working with Gulf Power.

Thank you.

Sincerely:



**Bruce Houle
Managing Partner
Emerald Coast Partners**