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Susan D. Cranmer
Assistant Secretary and
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the southern electric system

February 17, 1997

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. ~~961378-EG~~

Enclosed are an original and fifteen copies of the Post-Workshop Comments of Gulf Power Company.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Comments in WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

Sincerely,

Susan D. Cranmer

lw

Enclosure

cc: Beggs and Lane
Jeffrey A. Stone, Esquire
Florida Public Service Commission
Mary Ann Helton, Esquire

APP
AFA
EAG
RRR
SEL

DOCUMENT NUMBER-DATE

~~01732~~ FEB 18 97

FPSC-RECORDS/REPORTING

"Our business is customer satisfaction"

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Proposed amendment of Rule 25-17.015, F.A.C.,) Docket No. 961378-EG
Energy Conservation Cost Recovery.) Filed: February 17, 1997
_____)

POST-WORKSHOP COMMENTS OF GULF POWER COMPANY

Gulf Power Company, ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, and pursuant to the direction in a memorandum from the staff of the Florida Public Service Commission dated January 27, 1997, files these post-workshop comments with regard to the proposed amendment to Rule 25-17.015, F.A.C., Energy Conservation Cost Recovery ("ECCR Rule"). The deadline for filing these comments was extended by staff in response to a request made on behalf of the Company.

Gulf Power fully supports the efforts of the staff to update the existing ECCR Rule and make it easier to understand and implement. Consistent with this goal, Gulf suggests a few additional changes designed to make the process itself easier to understand and implement.¹ These changes are centered around linking the various true-up and projection data reporting periods associated with the annual ECCR proceedings to the actual 12-month period during which the recovery factors are effective. In this manner, the process will be easier to track, audit and explain. In addition, the time available for performing an audit of the Final True-up data will be enlarged, allowing the limited resources of the Commission's audit staff and the affected utilities to be more effectively utilized.

¹Gulf Power's revisions are shown in the first of three attachments to these comments. The second attachment is a chart showing a comparison between the existing circumstances to Gulf Power's proposal. The third attachment is Gulf Power's proposed time line which includes the transition to the new proposal.

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FPSC-RECORDS/REPORTING

Gulf Power has proposed and continues to support a revised time line for establishing the three distinct periods considered at each annual ECCR proceeding. These three distinct periods are referred to as the "final true-up period", the "estimated/actual true-up period", and the "projection period". The data from all three periods is taken into account in the establishment of cost recovery factors for the 12-month cost recovery period following the ECCR proceedings. Gulf's proposal retains the current timing of the hearing and the effective dates of resulting cost recovery factors. Gulf's proposal also retains the current relationship of the projection period to the effective dates of resulting cost recovery factors. What does change under Gulf's proposal is the relationship between the original projection period and both the estimated/actual true-up period and ultimately the final true-up period. Under Gulf Power's proposed time line, the specific 12 months included in the estimated/actual true-up will be April through March, the same 12 months included in the original projection filing. Likewise, when the final true-up filing is ultimately made, it will include the same 12 months (April through March) on an actual results basis. In all cases, the periods correspond with the specific sequence of 12 months (April through March) that the recovery factors are in effect.

The primary purpose of Gulf Power's proposed revision is to simplify the comparison of data between the three periods under consideration and the data previously submitted for like periods of time in past ECCR proceedings. This simplification will facilitate the audit process which will also benefit from the additional time made available by allowing the filing date to be earlier than would otherwise be possible. The proposed simplification would also translate into

reduced education and training costs that comes with a system that is more easily explained and thus more easily understood.

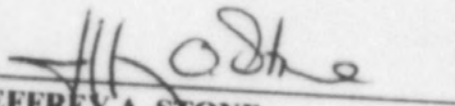
The data available to the Commission at the hearing, in aggregate, is virtually the same under Gulf Power's proposal as it is under existing circumstances. The Commission will still be reviewing 16 months of projected data corresponding to the last four months of the recovery period ending one month after the hearing. The Commission will still have actual data through October prior to the hearing. Therefore, there should be no problem with regard to staleness of data affecting the factors effective in the recovery period immediately following the hearing.

The difference between Gulf Power's proposal and existing circumstances lies in the timing of the filing of final true-up data and the resulting time available for Commission audit and discovery. Under the existing circumstances, field work for the audit must usually begin before the final true-up is actually filed. Even so, the field work must be compressed into a two month period that is affected by Thanksgiving and Christmas holiday seasons. By allowing the final true-up to track the end of the prior recovery period (the period during which prior recovery factors were effective), the final true-up data can be filed in June rather than in November. This would allow the audit to begin as early as July without having to start before the data is filed. The Commission's auditors would then have three or four additional months to complete the audit work prior to the annual ECCR proceedings. The affected utilities would benefit from being able to more effectively balance the workload of their personnel throughout the year.

Gulf Power Post-Workshop Comments
Docket No. 961378-EG

For the foregoing reasons, Gulf Power respectfully requests that the Commission incorporate the Company's suggested revisions as part of the proposed amendment of the Commission's rule for energy conservation cost recovery, Rule 25-17.015, F.A.C.

Respectfully submitted this 17th day of February, 1997.



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The following are Gulf Power's suggested revisions to the revised preliminary text of proposed rule that was attached to Mary Anne Helton's Memorandum dated January 27, 1997. The base document to which Gulf's suggested revisions apply omits the deletions from existing law and markings indicating additions to existing law otherwise shown in the attachment to the January 27 Memorandum. Gulf's proposed changes are set forth in ~~Redline (for additions)~~ ~~Strikeout (for deletions)~~ format.

1 25-17.015 Energy Conservation Cost Recovery

2 (1) The Commission shall conduct annual energy conservation cost recovery (ECCR)
3 proceedings during the first quarter of each calendar year. Each utility over which the
4 Commission has ratemaking authority may seek to recover its costs for energy conservation
5 programs. Each utility seeking cost recovery shall file the following at the times directed by the
6 Commission:

7 (a) An annual final true-up filing showing the actual program costs attributed to each
8 program, ~~any common costs~~ and actual revenues for the 12-month historical period from ~~April 1~~
9 ~~October 1~~ through ~~March 31~~ ~~September 30~~ that ends prior to the annual ECCR proceedings. As
10 part of this filing, the utility shall include a ~~summary~~ comparison of the actual total costs and
11 revenues ~~so~~ reported to the estimated total costs and revenues previously reported for the same
12 period covered by the filing in paragraph (1)(b). The filing shall also include the final over- or
13 under- recovery of total conservation costs for the final true-up period.

14 (b) An annual ~~estimated/actual true-up~~ filing showing ~~eight~~ ~~two~~ months actual and ~~four~~
15 ~~16~~ months projected program costs attributed to each program, ~~any common costs~~ and any
16 revenues collected. Actual costs and revenues should begin ~~April~~ ~~October 1~~ immediately
17 following the period described in paragraph (1)(a). The filing shall also include the

18 estimated/actual over- or under- recovery of total conservation costs for the estimated/actual
19 true-up period.

20 **(e) An annual projection filing showing 12-months projected program costs attributed to**
21 **each program and any common costs for the period beginning April 1 following the annual**
22 **hearing.**

23 **(ed)** An annual petition setting forth proposed energy conservation cost recovery factors
24 to be effective for the 12-month period beginning April 1 following the hearing. Such proposed
25 cost recovery factors shall take into account the **final true-up** data filed pursuant to paragraphs
26 **(1)(a), the estimated true-up data filed pursuant to paragraph and (1)(b) and the projection data**
27 **filed pursuant to paragraph (1)(c).**

28 **(de)** Within the 90 days that immediately follows the **end of each six month half first six**
29 **months** of the **projection** reporting period in paragraph **(1)(ca)**, each utility shall report the actual
30 results for that period on Form PSC/EAG/X (X/9X), entitled, Energy Conservation Cost
31 Recovery Annual Short Form, which is incorporated by reference in this rule, and may be
32 obtained from the Director, Division of Electric and Gas, Florida Public Service Commission.

33 (2) Each utility shall establish a separate account or subaccount for each conservation
34 program for purposes of recording the costs incurred for that program. Each utility shall also
35 establish separate subaccounts for revenues derived from specific customer charges in any
36 program and any costs recovered.

37 (3) A complete list of all account and subaccount numbers used for conservation cost
38 recovery shall accompany each filing described in paragraph (1)(a).

39 (4) New programs or program modifications must be approved prior to cost recovery.
40 New incentives or rebates may not be recovered if paid before their approval as part of a new
41 program or program modification. Other program implementation costs associated with new
42 programs or program modifications may be recovered if the program modification or new
43 program is approved before cost recovery and the Commission determines that the expenditure
44 of such costs was prudent.

45 (5) Advertising expense recovered through energy conservation cost recovery shall be
46 directly related to an approved conservation program, shall not negatively mention a competing
47 energy source, and shall not be company image enhancing. When the advertisement makes a
48 specific claim of potential energy savings, compares costs with a competing energy source,
49 compares Commission-approved rates and charges, or states appliance efficiency ratings or
50 savings, all data sources and calculations used to substantiate these claims must be included in
51 the filing required by paragraph 1(a). In determining whether an advertisement is "directly
52 related to an approved conservation program", the Commission shall consider, but is not limited
53 to, whether the advertisement or advertising campaign:

54 (a) Identifies a specific problem;

55 (b) States how to correct the problem; and

56 (c) Provides direction concerning how to obtain help to alleviate the problem.

57 Specific Authority: 350.127(2), 366.05(1), F.S.

58 Law Implemented: 366.01(1), 366.82(5), F.S.

59 History: New 1/27/81, Amended 12/30/82, 3/27/86, formerly 25-17.15, Amended 8/21/90, _____

Line(s)	Explanation of recommended changes
8	The phrase “, any common costs” has been added to allow for the fact that there are costs that are appropriate for recovery through the ECCR factors that are not directly attributed to a particular program.
8-9	The changes of the beginning and ending dates for determining the final true-up period is to simplify the ensuing comparison between the original projection and the eventual final true-up. The change will allow the final true-up period to track both the projection period and the period recovery factors are in effect.
9	The addition of the word “summary” conforms the proposed rule to the historical practice followed in the ECCR filings.
11	The addition of the word “so” is to clearly indicate that it is the current report of actual costs and revenues that is being compared to previous reports.
14	The addition of the phrase “estimated/actual true-up” conforms the format of this paragraph with the format of paragraph (1)(a) by including a descriptive label for the filing required by this paragraph.
14-15; 16	The change from 2 months actual to 8 months actual and from 16 months projected to 4 months projected along with the change in starting date from October 1 to April 1 is to allow this identified filing to track the same 12 month cycle (April through March) that is the basis for the projection filing, the final true-up filing, and the period during which the recovery factors are in effect.
15	See explanation for similar change on line 8.
20-22	The addition of this paragraph is to clearly identify the projection period as being separate and distinct from the 12 month final true-up period identified in paragraph (1)(a) and the estimated/actual true-up period identified in paragraph (1)(b). All three periods will run from April through March. This corresponds with the same sequence of 12 months that the recovery factors are in effect.
23	The change on this line is to accommodate the new paragraph at lines 20-22.
25-27	These changes provide labels for the three data filings that are considered in the annual ECCR proceeding for the purpose of setting the recovery factors.
28	See explanation for similar change on line 23.
28-29	These changes allow the form required under this paragraph to fulfill the statutory requirement of a filing every 6 months. With these changes, the reporting requirement is properly keyed to the projection filing which provides the data to which the actual results are to be compared.

	Existing Circumstances		Gulf Power's Proposal	
	Period	Filing Date	Period	Filing Date
Final True-up	October-September (12 months actual)	November	April-March (12 months actual)	June
Time available to audit Final True-up	November-December		July-November	
Estimated/Actual True-up	October-March (2 months actual/4 months projected)	January	April-March (8 months actual/4 months projected)	January
Projection	April-March (12 months projected)	January	April-March (12 months projected)	January
Hearing	February/March		February/March	
Effective dates of ECCR factors	April-March		April-March	

As shown in the chart above, the data available to the Commission at the hearing, in aggregate, is virtually the same under Gulf Power's proposal as it is under existing circumstances. The Commission will still be reviewing 16 months of projected data corresponding to the last four months of the recovery period ending one month after the hearing. The Commission will still have actual data for the period through October prior to the hearing. Therefore, there should be no problem with regard to staleness of data affecting the factors charged to the customers/ratepayers in the recovery period immediately following the hearing.

The difference between Gulf Power's proposal and existing circumstances lies in the timing of the filing of Final True-up data and the resulting time available for audit and discovery. Under the existing circumstances, field work for the audit usually begins before the Final True-up is actually filed and must be compressed into a two month period that is affected by Thanksgiving and Christmas holiday seasons. By allowing the Final True-up to track the end of the prior recovery period (the period during which prior recovery factors were effective), the Final True-up can be filed in June rather than in November. This would allow the audit to begin as early as July without having to start before the data is filed. The Commission's auditors and the utilities would then have three or four additional months to complete the audit work prior to the annual ECCR proceedings.

Proposed ECCR Time-Line

