

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited extension of experimental large business incentive rate rider, medium business incentive rate rider, and small business incentive rate rider, by Gulf Power Company.

DOCKET NO. 160090-EI
ORDER NO. PSC-16-0243-TRF-EI
ISSUED: June 20, 2016

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
LISA POLAK EDGAR
ART GRAHAM
RONALD A. BRISÉ
JIMMY PATRONIS

ORDER APPROVING GULF POWER COMPANY'S PETITION
FOR LIMITED EXTENSION OF EXPERIMENTAL LARGE, MEDIUM
AND SMALL BUSINESS INCENTIVE RATE RIDERS

BY THE COMMISSION:

On April 18, 2016, Gulf Power Company (Gulf or company) filed a petition requesting a limited extension of the company's experimental Large Business Incentive Rate Rider (LBIR), Medium Business Incentive Rate Rider (MBIR), and Small Business Incentive Rate Rider (SBIR), collectively referred to as the riders. The riders were introduced in the Stipulation and Settlement Agreement that the Commission approved during Gulf's 2013 base rate proceeding as a three-year pilot program (January 1, 2014 through December 31, 2016).¹ The riders, which require a five-year electric service contract, provide base rate credits for new businesses that meet certain requirements such as minimum size, job creation, and verification that the availability of the riders are a significant factor in the customer's location or expansion decision.

Commission staff issued one data request to Gulf on April 26, 2016, for which responses were received on May 10, 2016. After reviewing the responses, Commission staff requested the company's employment verification form referenced in a response which was filed in the docket on May 16, 2016. The tariff pages with proposed changes are contained in Attachment A of this recommendation. This Commission has jurisdiction over this matter pursuant to Sections 288.035 and 366.06, Florida Statutes.

The business incentive rate riders are designed to attract new commercial and industrial customers to Gulf's service territory, and foster economic growth. The riders offer base rate electric price incentives over a four-year period for new or expanding businesses that meet

¹ Order No. PSC-13-0670-S-EI, issued December 19, 2013, in Docket No. 130140-EI, In Re: Petition for rate increase by Gulf Power Company.

certain electric load, and job creation requirements. The LBIR also requires new capital investment of at least \$1 million. As shown in Table 1, the three riders require that the customers hire and maintain the following number of full-time employees within one year of receiving power service at the qualified delivery point.

Table 1
Required Full Time Employees

Riders	kW Load	Number of Full Time Employees
SBIR	200 to 349	10
MBIR	350 to 999	25
LBIR	1,000 kW or greater	25 FTEs per 1,000 kW of qualifying load

Source: Tariff Sheet Nos. 6.93, 6.95, 6.97.

To take service under the riders, the customers must agree to a minimum five-year service agreement and submit documentation verifying the current number of full-time employees. The rider customers are required to annually complete an employment verification form before receiving additional year credits. Table 2 illustrates the credits that will be applied to base demand and energy charges.

Table 2
Percentage Reduction in Base Demand & Energy Charges

Year	SBIR	MBIR	LBIR
1	20%	40%	60%
2	15%	30%	45%
3	10%	20%	30%
4	5%	10%	15%
5	0%	0%	0%

Source: Tariff Sheet Nos. 6.93, 6.95, 6.97.

Gulf stated in its response to Commission staff discovery that since its approval the program has attracted two retail establishments that started service under the riders in 2015. This new load resulted in approximately \$75,735 in incremental base revenue and the addition of 79 employees in Gulf's service territory. The discount amount associated with the new load to date is \$9,513.

Gulf explained in its petition that it has received commitments from one new and one expanding customer with a possibility of adding 5,300 new jobs and approximately 4.5 megawatts (MW) of new load. The availability of the riders was a significant factor for the customers' decisions to take service from Gulf. The customers have commenced initial construction work but do not anticipate completion of construction and taking service prior to the expiration of the current riders on December 31, 2016. The company is also actively negotiating

with four potential customers to relocate/expand. If successful, Gulf stated it will add over 2,000 jobs and will have a new load demand of 25 MW.

If Gulf's petition is approved, Gulf would make a request to the Commission on or before December 31, 2017 to: (1) continue the riders in their existing form; (2) continue the riders with modifications based on lessons learned; or (3) discontinue the riders in their entirety. We have recently approved Tampa Electric Company's petition in Docket No. 160059-EI to extend its economic development rider on a permanent basis. Gulf has stated that the company wishes to continue the pilot program for another year in order to collect additional information before making a decision on the future of the riders.

The riders appear to be successful in attracting new load and incremental base revenues to Gulf's service territory, which benefits the general body of ratepayers. Therefore, we find that Gulf's petition for an extension of its business incentive rate riders until December 31, 2017, is approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Power Company's Petition for Limited Extension of Experimental Large Business, Medium Business, and Small Business Incentive Rate Riders until December 31, 2017, is hereby approved. It is further

ORDERED that if a protest is filed within 21 days of the issuance of the order, the tariff shall remain in effect pending resolution of the protest. If no timely protest is filed, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 20th day of June, 2016.



CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 11, 2016.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.