

One Energy Place
Pensacola, Florida 32520

Tel 850.444.6111



March 9, 1999

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

990315-EI

Dear Ms. Bayo,

Enclosed for official filing are an original and 15 copies of Gulf Power's Petition for Approval of Rate Schedule RTP. This Commission previously approved the Real Time Pricing Conservation Program on a pilot basis with Order No. PSC-95-0256-FOF-EI. Subsequently, Order No. PSC-98-0925-FOF-EI extended participation in the RTP pilot until May 31, 1999.

<u>Identification</u>	<u>Old Sheet</u>	<u>New Sheet</u>
RTP	Second Revised Sheet No. 6.42 Original Sheet No. 6.43 N/A N/A	Third Revised Sheet No. 6.42 First Revised Sheet No. 6.43 Original Sheet No. 6.43.1 Original Sheet No. 6.43.2

Upon approval, please return two copies of the approved tariff sheets to my attention.

A copy of the tariff sheets in legislative format is also provided. Gulf has revised the look of its tariff sheet which has caused some adjustments as to the amount of material that can be placed on each page, and therefore, has resulted in the additional pages being added.

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

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A Stone, Esquire
Florida Public Service Commission
Connie Kummer

DOCUMENT NUMBER-DATE

03161 MAR 11 89

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Gulf Power Company for)
approval of rate schedule RTP.) Docket No.: _____
_____) Filed: March 10, 1999

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF RATE SCHEDULE
RTP**

GULF POWER COMPANY ("Gulf Power," "Gulf," or "the Company"), by and through its undersigned counsel, pursuant to Sections 366.82(3) and 366.82(5), Fla. Stat. (1995) and Rules 25-17.00 and 25-17.015 of the Florida Administrative Code, hereby petitions the Florida Public Service Commission ("Commission") to enter its order approving Sheet Nos. 6.42, 6.43, 6.43.1, and 6.43.2 of Gulf Power's Tariff for Retail Electric Service¹. This petition and the rate schedules set forth in Attachment A are intended to meet the requirements of Rules 25-9.005(4) and (5) of the Florida Administrative Code. In support of this petition, the Company states:

1. Notices and communications with respect to this petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

¹The submitted tariff sheets appear to indicate that revisions are being made to an existing tariff. The original tariff sheets were for the pilot Real Time Pricing Conservation Program. This filing is for a new, permanent Real Time Pricing rate schedule to replace the pilot. Certain customers who were participating in the pilot are still receiving service pursuant to the pilot rate schedule. Although the new rate schedule retains the same name and consequently the same tariff sheet numbers as the pilot rate schedule, the tariff sheets accompanying this petition are reflective of a new program.

DOCUMENT NUMBER-DATE

03161 MAR 11 89

FPSC-RECORDS/REPORTING

2. Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32501. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission.

3. The Commission, in Order No. PSC-95-0256-FOF-EI, granted Gulf Power Company the authority to implement the Company's Real Time Pricing Program on a pilot basis. The pilot study period expired on December 31, 1998. At the request of the Company, the Commission, in Order No. PSC-98-0925-FOF-EI, authorized Gulf to allow existing RTP customers to continue to take service under the pilot RTP rate schedule after December 31, 1998, while the Company completes its analysis of the data collected during the pilot study period and while the Commission considers any subsequent request by Gulf Power for continued authority to offer a real time pricing option on either a permanent or modified pilot study basis. In its request to allow participants in the pilot Real Time Pricing program to continue taking service under the pilot rate schedule after the conclusion of the pilot study period, Gulf Power Company referred to its obligation under the terms of Order No. PSC-95-0256-FOF-EI to file a report regarding the results of the pilot study on or before April 30, 1999. Gulf Power Company fully expects to comply with the Commission's order and have a report submitted on or before April 30, 1999. Although the report itself has not been completed, Gulf has concluded from its review of the results of the pilot study that a "permanent" Real Time Pricing program is appropriate at this time². Gulf now seeks approval of the accompanying tariff sheets in order to allow the

²In the context of this petition, the term "permanent" means nothing more than the proposed rate schedule does not have a designated expiration date. This is in contrast to the rate schedule associated with the pilot study which by its terms had a designated expiration date.

Company to continue offering a real time pricing option after May 31, 1999. The accompanying tariff sheets contain the pricing and other terms and conditions for service under Gulf's "permanent" Real Time Pricing Program³.

4. Third Revised Sheet No. 6.42, First Revised Sheet No. 6.43, Original Sheet No. 6.43.1, and Original Sheet No. 6.43.2 set forth the terms and conditions of Rate Schedule RTP, Real Time Pricing. Rate Schedule RTP will continue to be an optional service available to customers meeting specific eligibility criteria. As part of the transition from a pilot rate schedule available to a designated number of customers on an experimental basis, the Company has modified the eligibility criteria for participation in this optional RTP program. Separate peak load criteria are provided for new customers and existing customers of the Company. Any new customer (a customer having less than 12 months history of actual electric service from Gulf Power Company) with an estimated annual peak load not less than 2,000 kilowatts (KW) and that is eligible to take electric service from Gulf Power under Rate Schedules LP, LPT, PX, or PXT can take service pursuant to Rate Schedule RTP. Any existing customer (that is, not a new

³Gulf Power Company has contracted with two independent research firms to conduct analyses on customer response and satisfaction. Preliminary results indicate Gulf Power Company has met and/or exceeded its five original program objectives. The pilot objectives were a) conservation, b) economic efficiency, c) gain information about customer response, d) value based pricing, and e) customer satisfaction. The pilot started with twelve (12) customers and today has nineteen (19) customers receiving daily price signals. Preliminary research on customer response and conservation suggests that in the summer of 1998 the program participants reduced demand during the peak price signal by 23 MW. The preliminary survey on satisfaction indicates 10 of the survey customers are very satisfied and the remaining 10 are satisfied with the overall RTP program. None of the survey respondents voiced dissatisfaction with the overall pilot. In response to a question on willingness to continue on the RTP rate 48% were eager to continue, 32% were generally amenable, 16% had mixed intentions, and only 4% were reluctant to continue. The preliminary and subsequent findings from the customer research will be provided within the time frame specified by the Commission.

customer as previously defined) with an annual peak load not less than 2,000 kilowatts (KW) for the previous 12 months and that is eligible to take electric service from Gulf Power under Rate Schedules LP, LPT, PX, PXT, or SBS⁴ may take service pursuant to Rate Schedule RTP. It is intended that the customers currently taking service under the pilot RTP rate schedule (19 customers) would be eligible to take service pursuant to this rate schedule as soon as the “permanent” rate schedule is available.

5. The main differences in this permanent rate schedule and the pilot rate schedule are as follows:

- For new customers eligible for service under rate schedules LP, LPT, PX, and PXT, the initial availability of RTP will now be based on an estimated annual peak load not less than 2,000 kilowatts (KW) in lieu of a monthly peak load of not less than 2,000 kilowatts (KW). Initial availability for existing LP, LPT, PX, and PXT customers will now be based on an annual peak load of not less than 2,000 kilowatts (KW) for the previous 12 months in lieu of a monthly peak load of not less than 2,000 kilowatts (KW). Existing SBS customers must meet the annual peak load requirements and have contracted for both Supplementary and Standby Service during the previous 12 months in order to initially qualify for Rate Schedule RTP⁵.
- The permanent rate schedule clarifies that the Multiplier is to be reviewed periodically and adjusted as needed. Further, the reference to which forecast of Southern System Lambdas (those projected a year in advance) is used in the calculation of the Multiplier was removed. If available, current lambda forecasts are a better estimate of forecasted lambdas than those that are projected a year in advance.
- The permanent rate schedule includes a Reactive Demand Charge provision. All the rates that these customers are eligible for have a Reactive Demand Charge. The same charge as found in rates LP, LPT, PX, PXT, and SBS has been added to the permanent Rate Schedule RTP.

⁴ Existing customers taking service under rate schedule SBS are only eligible to take service under optional rate schedule RTP if they meet both the annual peak load requirements and have contracted for a level of Supplementary Service from Gulf that is at least 50% of the level of Standby Service contracted for from Gulf for the previous 12 months. SBS customers not taking Supplementary Service (i.e. are Standby Service customers only) would not be eligible to take service under rate schedule RTP.

⁵See Note 4 above.

- The Term of Contract shall be for a period of five (5) years with an annual renewal by March 1 of each year after the initial five-year period of the contract⁶.

6. The only annual revenue change associated with the implementation of the proposed “permanent” rate schedule that can be determined at this time is the increase in revenue from the Reactive Demand Charge that has been added. For the year 1998, there would have been \$237,927 in additional revenue received from the current 19 participants in the pilot program had the Reactive Demand Charge been applicable to the pilot RTP program.

7. In order to avoid disrupting service to Gulf’s current RTP customers, the Company requests that the accompanying tariff sheets be made effective June 1, 1999. This will allow customers currently taking service under the Company’s pilot RTP rate schedule to continue taking RTP service after the pilot rate schedule expires on May 31, 1999⁷. To accommodate a possible need for more time to review this petition and the proposed rate schedule than would be allowed by a proposed June 1, 1999 effective date, as an alternative to implementation of the attached rate schedule effective June 1, 1999, the Company requests that it be authorized to continue providing service under the pilot RTP rate schedule to those customers currently taking service under the pilot RTP rate schedule.

⁶All customers currently taking service pursuant to the pilot RTP rate schedule will be eligible to remain on the new RTP rate and the requirement of an initial five-year contract term will be waived.

⁷In its order authorizing extension of the expiration date for the pilot RTP rate schedule from December 31, 1998 to May 31, 1999, the Commission stated “If Gulf does not act to further modify the RTP program or to make it permanent before May 31, 1999, the program shall be terminated on that date.” Order No. PSC-98-0925-FOF-EI at page 2.

WHEREFORE, Gulf Power Company respectfully requests that the Commission enter an order approving Tariff Sheet Nos. 6.42, 6.43, 6.43.1, and 6.43.2 of Gulf Power's Tariff for Retail Electric Service, attached hereto as Attachment A, effective June 1, 1999.

Respectfully submitted the 9th day of March 1999.



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 7455

Beggs & Lane

P. O. Box 12950

Pensacola, Florida 32576-2950

(850) 432-2451

Attorneys for Gulf Power Company

Tariff Sheets



Section No. VI
Third Revised Sheet No. 6.42
Canceling Second Revised Sheet No. 6.42

**RATE SCHEDULE RTP
LIMITED AVAILABILITY RATE
REAL TIME PRICING
(OPTIONAL SCHEDULE)**

PAGE	EFFECTIVE DATE
1 of 4	

AVAILABILITY:

Availability is limited to (1) existing customers eligible for Rate Schedules LP, LPT, PX, or PXT with an annual peak load not less than 2,000 kilowatts (KW) for the previous 12 months, (2) existing customers currently taking service under Rate Schedule SBS with an annual peak load not less than 2,000 kilowatts (KW) for the previous 12 months and contracted Supplementary Service that is at least 50% of the contracted Standby Service for the previous 12 months, and (3) new customers (any customer with less than 12 months of electric service with Gulf Power Company) eligible for Rate Schedules LP, LPT, PX, or PXT with an estimated annual peak load not less than 2,000 kilowatts (KW).

APPLICABILITY:

Applicable for three phase service on an annual basis covering the entire electrical requirements of the customer. Service to two or more premises shall not be combined nor shall service furnished hereunder be shared with or resold to others. All service shall be taken at the same voltage, from a single delivery point, and shall be measured by a single meter.

CHARACTER OF SERVICE:

The delivery voltage to the Customer shall be the standard secondary voltage of the Company's transformers supplied from the transmission lines of the Company or the voltage of the available secondary distribution lines of the Company for the locality in which service is to be rendered.

MONTHLY RATES:

Customer Charge: \$1,000.00

Fuel Charge: Fuel charges are normally adjusted by the Florida Public Service Commission annually in January. As of January 1, 1999, the amount for fuel was 1.599¢/KWH. For current fuel costs included in this tariff, see page 6.15.

ISSUED BY: Travis Bowden

PAGE	EFFECTIVE DATE
2 of 4	

(Continued from Rate Schedule RTP Sheet No. 6.42)

Energy Charge: The RTP hourly energy prices are derived using the day ahead projection of Southern System Lambdas adjusted to recognize embedded costs. This price is determined as follows:

$$P = \lambda \times M + D$$

Where,

"P" = hourly price in ¢/KWH

"λ" = Southern Company territorial system Lambda, projected a day ahead for each hour of the day

"M" = multiplier which is used to adjust λ to recognize embedded costs

"D" = constant amount of 0.25¢/KWH added to each hourly price

"M" is determined as follows:

Generation and transmission embedded cost revenue requirements for Gulf Power's industrial customers are assigned to each of three periods, into which the year is divided¹. The total revenue requirement for each period is then divided by the total relevant energy sales (KWH) for each respective period, to arrive at a total revenue requirement on a cents per KWH basis for each of the periods. For each period, this revenue requirement (cents/KWH) is divided by the average of projected hourly Southern System Lambdas for that period. The result is a Multiplier, "M", for each of the three periods. These multipliers will be reviewed periodically and adjusted as needed.

"D" is determined as follows:

Total embedded distribution revenue requirements for Gulf Power's industrial customers are divided by the total annual energy sales (KWH) to derive this cents per kilowatt-hour (KWH) constant for each hour of the year. These distribution costs were not included in the determination of the multiplier (M).

¹ Revenue requirements here would not include fuel costs, energy conservation costs, purchased power capacity costs, or environmental costs.

PAGE 3 of 4	EFFECTIVE DATE
----------------	----------------

(Continued from Rate Schedule RTP Sheet No. 6.43)

MINIMUM BILL:

In consideration of the readiness of the Company to furnish such service, no monthly bill will be rendered for less than \$1,000.00.

REACTIVE DEMAND CHARGE:

The monthly bill calculated at the above rates shall also be increased in the amount of \$1.00 per KVAR for all over 0.48432 kilovars per kilowatt (90% power factor). The kilovars to which this adjustment shall apply shall be the monthly maximum measured kilovar demand or may be calculated as the square root of the difference between the square of the maximum monthly measured KVA demand and the square of the maximum monthly measured KW demand.

NOTIFICATION OF HOURLY PRICES:

The Company will notify the Customer by 4:00 p.m. Central Time each work day the hourly prices for the next twenty-four (24) hours beginning at 12:00 a.m. (midnight). On Fridays and the last work day before a holiday, the Company will provide hourly prices through the next work day. The Company reserves the right, with prior notice to the participating customers, to send daily prices on weekends and holidays.

TERM OF CONTRACT:

Service under this rate schedule shall be for a period of five (5) years with an annual renewal by March 1 of each year after the initial five-year period of the contract.

TAX ADJUSTMENT:

See Sheet No. 6.16

FRANCHISE FEE BILLING:

See Sheet No. 6.16

PAGE 4 of 4	EFFECTIVE DATE
-----------------------	-----------------------

(Continued from Rate Schedule RTP Sheet No. 6.43.1)

FUEL CHARGE:

See Sheet No. 6.15

PURCHASED POWER CAPACITY COST:

See Sheet No. 6.15.1

ENVIRONMENTAL COST:

See Sheet No. 6.15.2

ENERGY CONSERVATION:

See Sheet No. 6.16.1

GROSS RECEIPTS TAX ADJUSTMENT:

See Sheet No. 6.16

PAYMENT OF BILLS:

See Sheet No. 6.16

Service under this rate schedule is subject to Rules and Regulations of the Company and the Florida Public Service Commission.

Legislative Format

GULF POWER COMPANY

RATE SCHEDULE RTP
Limited Availability Experimental Rate
(Real Time Pricing)
(OPTIONAL SCHEDULE)

AVAILABILITY: - Availability is limited to (1) existing ~~24~~ customers eligible for Rate Schedules LP, LPT, PX, or PXT, or SBS, with an annual peak loads not less than 2,000 kilowatts (KW) for the previous 12 months, (2) existing customers currently taking service under Rate Schedule SBS with an annual peak load not less than 2,000 kilowatts (KW) for the previous 12 months and contracted Supplementary Service that is at least 50% of the contracted Standby Service for the previous 12 months, and (3) new customers (any customer with less than 12 months of electric service with Gulf Power Company) eligible for Rate Schedules LP, LPT, PX, or PXT with an estimated annual peak load not less than 2,000 kilowatts (KW). Availability is further limited to those customers selected by the Company and volunteering to participate in the Company's Real Time Pricing pilot study.

Service under this experimental schedule shall terminate on May 31, 1999 for those customers who are on the rate as of December 31, 1998, unless extended by order of the Florida Public Service Commission. No new customers may be added after December 31, 1998 without FPSC approval.

APPLICABILITY: - Applicable for three phase service on an annual basis covering the entire electrical requirements of ~~the~~ any customer whose actual measured demand is not less than 2,000 kilowatts (KW). Service to two or more premises shall not be combined nor shall service furnished hereunder be shared with or resold to others. All service shall be taken at the same voltage, from a single delivery point, and shall be measured by a single meter.

CHARACTER OF SERVICE: - The delivery voltage to the Customer shall be the standard secondary voltage of the Company's transformers supplied from the transmission lines of the Company or the voltage of the available secondary distribution lines of the Company for the locality in which service is to be rendered.

MONTHLY RATES: -

Customer Charge: \$1,000.00

Fuel Charge: Fuel charges are normally adjusted by the Florida Public Service Commission annually in January. As of January 1, 1999, the amount for fuel was 1.599¢/KWH. For current fuel costs included in this tariff, see page 6.15.

Energy Charge: The RTP hourly energy prices are derived using the day ahead projection of Southern System Lambdas adjusted to recognize embedded costs. This price is determined as follows:

$$P = \lambda \times M + D$$

Where,

"P" = hourly price in ¢/KWH

"λ" = Southern Company territorial system Lambda, projected a day ahead for each hour of the day

"M" = multiplier which is used to adjust λ to recognize embedded costs

"D" = constant amount of 0.25¢/KWH added to each hourly price

GULF POWER COMPANY

"M" is determined as follows:

Generation and transmission embedded cost revenue requirements for Gulf Power's industrial customers are assigned to each of three periods, into which the year is divided¹. The total revenue requirement for each period is then divided by the total relevant energy sales (KWH) for each respective period, to arrive at a total revenue requirement on a cents per KWH basis for each of the periods. For each period, this revenue requirement (cents/KWH) is divided by the average of ~~projected~~ the hourly Southern System Lambdas for that period; ~~which lambdas are projected a year in advance~~. The result is a Multiplier, "M", for each of the three periods. These multipliers will be reviewed periodically and adjusted as needed ~~modified annually during this pilot program, using updated year-ahead lambda forecasts~~.

"D" is determined as follows:

Total embedded distribution revenue requirements for Gulf Power's industrial customers are divided by the total annual energy sales (KWH) to derive this cents per kilowatt-hour (KWH) constant for each hour of the year. These distribution costs were not included in the determination of the multiplier (M).

MINIMUM BILL: - In consideration of the readiness of the Company to furnish such service, no monthly bill will be rendered for less than \$1,000.00.

REACTIVE DEMAND CHARGE: The monthly bill calculated at the above rates shall also be increased in the amount of \$1.00 per KVAR for all over 0.48432 kilovars per kilowatt (90% power factor). The kilovars to which this adjustment shall apply shall be the monthly maximum measured kilovar demand or may be calculated as the square root of the difference between the square of the maximum monthly measured KVA demand and the square of the maximum monthly measured KW demand.

NOTIFICATION OF HOURLY PRICES: - The Company will notify the Customer by 4:00 p.m. Central Time each work day the hourly prices for the next twenty-four (24) hours beginning at 12:00 a.m. (midnight). On Fridays and the last work day before a holiday, the Company will provide hourly prices through the next work day. The Company reserves the right, with prior notice to the participating customers, to send daily prices on weekends and holidays.

TERM OF CONTRACT: - Service under this ~~experimental~~ rate schedule shall be for a period of ~~four (4) years~~ the length of the pilot study five (5) years with an annual renewal by March 1 of each year after the initial five-year period of the contract. ~~Since participation in this program is voluntary, selection of this rate may be terminated at any time by written notice from the Customer. After such termination, the Customer will not be allowed to select this rate again for the duration of the experimental period.~~

TAX ADJUSTMENT: - See Sheet No. 6.16

FRANCHISE FEE BILLING: - See Sheet No. 6.16

FUEL CHARGE: - See Sheet No. 6.15

PURCHASED POWER CAPACITY COST: - See Sheet No. 6.15.1

ENVIRONMENTAL COST: - See Sheet No. 6.15.2

ENERGY CONSERVATION: - See Sheet No. 6.16.1

GROSS RECEIPTS TAX ADJUSTMENT: - See Sheet No. 6.16

PAYMENT OF BILLS: - See Sheet No. 6.16

SERVICE UNDER THIS RATE SCHEDULE IS SUBJECT TO RULES AND REGULATIONS OF THE COMPANY AND THE FLORIDA PUBLIC SERVICE COMMISSION

¹ Revenue requirements here would not include fuel costs, energy conservation costs, purchased power capacity costs, or environmental costs.

ISSUED BY: T. J. Bowden

EFFECTIVE: February 7, 1995