

**Susan D. Ritenour**  
Secretary and Treasurer  
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November 20, 2003

031069-E1

Ms. Blanca S. Bayo, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Petition for Authority to Implement the Military Base Facilities  
Charge Rider

Enclosed are an original and fifteen copies of Gulf Power Company's Petition  
for Authority to Implement the Military Base Facilities Charge Rider along with  
the proposed tariff sheets.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

lw

Enclosures

cc: Beggs and Lane  
Russell A. Badders, Esquire  
Office of Public Counsel

DOCUMENT NUMBER - DATE  
11814 NOV 21 8  
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company's petition for authority to implement Military Base Facilities Charge Rider )  
Docket No.: )  
Filed: November 21, 2003 )  
\_\_\_\_\_ )

**GULF POWER COMPANY'S PETITION FOR AUTHORITY TO IMPLEMENT THE MILITARY BASE FACILITIES CHARGE RIDER**

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby petitions the Florida Public Service Commission ("Commission") for authorization to implement the proposed optional Military Base Facilities Charge Rider ("MBFC Rider"). This petition along with the information and proposed tariff sheets set forth in the attachments hereto is intended to meet the requirements of Rule 25-9.005(4)-(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 32591

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

2. Gulf is a corporation with its headquarters physically located at 500 Bayfront Parkway, Pensacola, Florida 32501. The Company's mailing address for its corporate headquarters is One Energy Place, Pensacola, Florida 32520. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission.

3. Attachment A to this petition is the Company's proposed optional Military Base Facilities Charge Rider, Original Sheet No. 6.91. By this petition, Gulf seeks approval of the original and revised tariff sheets set forth in Attachment A to this petition.

4. Through its actions in Department of Defense Reform Initiative Directive #49 - Privatizing Utility Systems (December 23, 1998), the United States Department of Defense has directed all military bases to evaluate "privatizing," or selling to non-Department of Defense parties, all of their electric distribution systems. It is the position of the Department of Defense that military bases should focus resources and attention towards Department of Defense core competencies. Though not all of the military bases will be privatized due to security and other national policy concerns, many throughout the country, including several in Northwest Florida, have and/or will solicit bids to evaluate the potential for privatization. Gulf Power provides electric service to six military bases and their associated installations in Northwest Florida. Naval Air Station Pensacola and Naval Air Station Whiting Field have already solicited bids and have selected Gulf Power as the respondent providing the "Best Value." As a result of this selection, Gulf Power and the Department of Defense will now seek to develop a negotiated agreement regarding the privatization of the electric distribution facilities at those bases. In addition, four other military bases in Northwest Florida, are charged under Directive #49 to evaluate possible privatization of their utility facilities. In an effort to meet the military's needs with regard to the privatization of their electric distribution systems, Gulf is requesting approval of this rider as an addition to Gulf's retail tariff.

5. By this petition, Gulf seeks authority to include a new MBFC Rider in the Company's retail tariff. The new rider would be made available at the discretion of the Company as an optional service to military bases served by Gulf Power that are seeking to privatize their utility facilities. Approval of the MBFC Rider will enable the Company to respond to and meet the needs of Gulf's largest customer, the Department of Defense, in accomplishing the goals of Directive #49. The proposed MBFC Rider, if approved, will provide the Company with the flexibility needed to enable Gulf to respond in a timely fashion to privatization requests from the military bases Gulf serves. The nature of the facilities subject to privatization efforts requires a case by case determination of price and terms for proposals. The proposal solicitation periods and the timelines required by the Department of Defense are very short. The Department of Defense requires a quick response to the request for proposals, a short time period for negotiations on the selected proposal, and fairly quick implementation of the resulting privatization effort. As a consequence of these expectations from the Department of Defense, prompt response on the part of potential bidders is necessary. This process does not facilitate pursuing a special contract for each military base privatization effort. The necessary time to file and obtain FPSC approval of a special contract may very well eliminate Gulf Power from consideration by the Department of Defense. The contracts that result from operation of the rider will be designed to recover the Company's costs associated with acquisition, operation and maintenance, and expansion of the electric facilities on military bases undergoing privatization.

6. The proposed new optional MBFC Rider will clarify for the Department of Defense that Gulf is authorized to negotiate a distribution facilities charge for each individual military base. In order to prevent the general body of customers from subsidizing the military

base utility privatization effort, the facilities charge developed for each application of the MBFC Rider will be calculated by Gulf to recover the costs associated with the facilities for that base. Prior to committing to provide service pursuant to this rider, Gulf will undertake a detailed review of the particular electric distribution system to determine the inputs that serve as the basis for the MBFC Rider. In addition, other financial inputs may be included in the pricing formula as necessary to reflect negotiated terms and conditions.

7. Notwithstanding any provision in the MBFC Rider, electric service shall continue to be provided to the Customer pursuant to the Company's standard rate schedules.

8. As a prerequisite for receiving service under the MBFC Rider, the Customer would execute a contract containing the specific agreement that has been negotiated between Gulf and the Customer. Each specific agreement will contain a minimum term, a description of the facilities and any other customer-specific terms as needed under the particular circumstances.

9. There are six military bases located in Northwest Florida with related installations that could potentially meet the eligibility requirements of this tariff offering. The annual electric service revenue of these customers is approximately thirty-five million dollars. Due to the nature of the proposed MBFC Rider as an optional service made available by the Company on a case by case basis, Gulf is unable to predict the revenue likely to result from operation of the proposed rider unless and until individual contracts contemplated by the rider are negotiated and signed by the Customer and the Company.

WHEREFORE, Gulf Power Company respectfully requests that the Florida Public Service Commission authorize the Company to implement its proposed Military Base Facilities

Charge Rider as set forth in Attachment A to this petition.

Respectfully submitted the 20th day of November, 2003.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**Beggs & Lane**

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**Attorneys for Gulf Power Company**

# **Tariff Sheet**

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| Section II     | Miscellaneous  |
| Section III    | Technical Terms and Abbreviations  |
| Section IV     | Rules and Regulations  |
| Section V      | List of Communities Served   |
| Section VI     | Rate Schedules   |
| RS             | - Residential Service  |
| GS             | - General Service - Non-Demand   |
| GSD            | - General Service - Demand   |
| LP             | - Large Power Service  |
| PX             | - Large High Load Factor Power Service                                       |
| OS             | - Outdoor Service  |
| BB             | - Budget Billing (Optional Rider)  |
| CR             | - Cost Recovery Clause - Fossil Fuel & Purchased Power                       |
| PPCC           | - Purchased Power Capacity Cost Recovery Clause                              |
| ECR            | - Environmental Cost Recovery Clause   |
| -              | - Billing Adjustments and Payment of Bills                                   |
| ECC            | - Cost Recovery Clause - Energy Conservation                                 |
| FLAT-1         | - Residential/Commercial FlatBill  |
| GSTOU          | - General Service Time-of-Use Conservation (Optional)                        |
| GSDT           | - General Service - Demand - Time-of-Use Conservation (Optional)             |
| LPT            | - Large Power Service - Time-of-Use Conservation (Optional)                  |
| PXT            | - Large High Load Factor Power Service - Time-of-Use Conservation (Optional) |
| SBS            | - Standby and Supplementary Service  |
| ISS            | - Interruptible Standby Service  |
| RSVP           | - Residential Service Variable Pricing                                       |
| EPQ            | - Enhanced Power Quality   |
| RTP            | - Real Time Pricing  |
| CIS            | - Commercial/Industrial Service Rider (Optional)                             |
| BERS           | - Building Energy Rating System (BERS)                                       |
| PV             | - Rate Rider PV - Photovoltaics (Optional Rider)                             |
| MBFC           | - Military Base Facilities Charge (Optional Rider)                           |





Section No. VI  
Twenty-Seventh Revised Sheet No. 6.2  
Canceling Twenty-Sixth Revised Sheet No. 6.2

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| <u>Designation</u> | <u>URSC</u> | <u>Classification</u>                            | <u>Sheet No.</u> |
|--------------------|-------------|--|------------------|
| RSVP               | RS1         | Residential Service Variable Pricing (Optional)  | 6.75             |
| GCSP               |             | GoodCents Surge Protection                       | 6.79             |
| RTP                |             | Real Time Pricing                                | 6.80             |
| CIS                |             | Commercial/Industrial Service (Optional Rider)   | 6.84             |
| BERS               |             | Building Energy Rating System (BERS)             | 6.87             |
| PV                 |             | Rate Rider PV - Photovoltaics (Optional Rider)   | 6.89             |
| MBFC               |             | Military Base Facilities Charge (Optional Rider) | 6.91             |



**A SOUTHERN COMPANY**

Section No. VI  
Original Sheet No. 6.91

**RATE SCHEDULE MBFC  
MILITARY BASE FACILITIES CHARGE  
(OPTIONAL RIDER)**

| PAGE   | EFFECTIVE DATE |
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**AVAILABILITY:**

Available throughout the entire territory served by the Company.

**APPLICABILITY:**

Military bases receiving electric service from the Company that are privatizing their utility facilities are eligible to receive service under this schedule at the discretion of the Company.

**CHARACTER OF SERVICE:**

This optional rider is offered in conjunction with the rates, terms, and conditions of the tariff under which the Customer takes service and affects the total bill only to the extent that the negotiated rates, terms, and conditions supplement the rates, terms, and conditions of the otherwise applicable rate schedules as provided for under this rider.

**MONTHLY CHARGE:**

The negotiated Facilities Charge shall be set forth in the Facilities Agreement negotiated between the eligible customer and the Company. The negotiated Facilities Charge will be calculated by the Company to recover the costs associated with the acquisition of the facilities, the expenses related to operating and maintaining, the expenses incurred for administrative and general, and the applicable taxes. In addition, charges associated with negotiated terms and conditions in the Facilities Agreement shall be included in the Electric Facilities Charge.

**FACILITIES AGREEMENT:**

As a prerequisite for receiving service under this Rider, the customer shall execute a Facilities Agreement containing the specific agreement that has been negotiated between the Company and the Customer. Each specific agreement will contain a minimum term, a description of the facilities and any other customer-specific terms as needed under the particular circumstances.

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

**ISSUED BY:** Susan Story

## **Legislative Format**

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|                | <u>MBFC</u> - Military Base Facilities Charge (Optional Rider)                   |



Section No. VI  
~~Twenty-Seventh~~ ~~Twenty-Sixth~~ Revised Sheet No. 6.2  
Canceling ~~Twenty-Sixth~~ ~~Twenty-Fifth~~ Revised Sheet  
No. 6.2

|                |                                     |
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|----------------|-------------------------------------|

| <u>Designation</u> | <u>URSC</u> | <u>Classification</u>                            | <u>Sheet No.</u> |
|--------------------|-------------|--|------------------|
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