

Matilda Sanders

From: Webb, Linda C. [LCWEBB@southernco.com]
Sent: Friday, March 02, 2007 3:38 PM
To: Larry Harris
Cc: Filings@psc.state.fl.us; Michael Cooke; Chuck Hill; Tim Devlin; jmcwhirter@mac-law.com; Charles Beck; swright@yvlaw.net; Javier.Portuondo@pgnmail.com; Alex.Glenn@pgnmail.com; john.burnett@pgnmail.com; Paul.LewisJr@pgnmail.com; jbeasley@ausley.com; natalie_smith@fpl.com; john_butler@fpl.com; Bill_Feaster@fpl.com; John Slemkewicz; Cheryl Bulecza-Banks; Marshall Willis; jas@beggslane.com; rab@beggslane.com
Subject: 070011 EI Gulf Post Workshop Comments 030207
Attachments: 070011 EI Gulf Post Workshop Comments 030207.pdf



070011 EI
Post Workshop

<<070011 EI Gulf Post Workshop Comments 030207.pdf>> A. Susan D. Ritenour Gulf Power Company One Energy Place Pensacola FL 32520-0780 840.444.6231

- B. Docket No. 070011-EI
In re: Proposed Amendment of Rule 25-6.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4
- C. Gulf Power Company
- D. Document consists of 2 pages.
- E. The attached document is Gulf's comments.

DOCUMENT NUMBER-DATE

01970 MAR-25

FPSC-COMMISSION CLERK

Susan D. Ritenour
Secretary and Treasurer
and Regulatory Manager

One Energy Place
Pensacola, Florida 32520-0781

Tel 850.444.6231
Fax 850.444.6026
SDRITENO@southernco.com



March 2, 2007

Mr. Larry Harris
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Mr. Harris:

Re: FPSC Docket No. 070011-EI, Proposed Amendment of Rule 25-6.0143, F.A.C.,
Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4

Gulf appreciates the opportunity to have participated in the February 21, 2007, workshop in the above referenced docket and thanks the FPSC Staff, the Office of Public Counsel, and the Florida Industrial Power Users Group for their positive comments and support of certain of Gulf's proposed changes. Gulf also wants to thank Staff for the opportunity to provide post workshop comments related to the proposed rulemaking. Gulf Power filed specific preliminary comments and proposed changes prior to the rule development workshop held on February 21st that it still supports and offers the following additional comments related to Staff's proposed rule amendments.

It is important to reemphasize Gulf's change proposed to remove the requirement to credit the reserve with the reimbursement of a utility's costs incurred during the assistance of another utility with storm recovery. Crediting the reserve with these types of reimbursements inappropriately assumes that these reimbursements are a windfall benefit to the utility providing the assistance. While personnel of the utility providing assistance are away, customer service and maintenance work continues to be required and must be completed through the hiring of contract labor or through additional employee overtime to ensure normal customer service and operations are maintained. The cost of customer service and maintenance work that continues to be required is not charged to the property reserve but rather is charged to operating expense and reflected in surveillance reporting. Therefore, the reimbursement of costs incurred during the assistance of another utility with storm-recovery outside of Gulf's service territory should not be credited to the reserve but should be credited to operating expense and reflected in surveillance reporting. The proposed requirement to credit the reserve with reimbursements would serve to discourage Florida utilities from offering assistance to each other and to utilities outside the state when disaster strikes and ultimately would result in less assistance coming to Florida from outside the state when it is critically needed to restore service in a timely and effective manner.

DOCUMENT NUMBER-DATE

01970 MAR-26

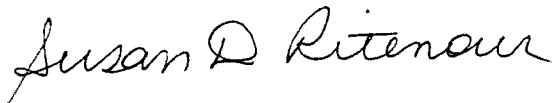
FPSC-COMMISSION CLERK

Mr. Larry Harris
March 2, 2007
Page Two

Another change proposed by Gulf is to include in the items allowed to be charged to Account No. 228.1 all costs for insurance covering transmission and distribution facilities obtained by the utility subsequent to the test year on which its base rates were last set. Commercial insurance coverage for transmission and distribution facilities has been unavailable since Hurricane Andrew in 1992. However, if commercial insurance for transmission and distribution facilities becomes available or other programs are developed such as a cooperative risk sharing plan or a pooled reserve among other investor-owned utilities, then the costs of this insurance should be allowed to be charged to the property reserve until a utility's next rate case when these costs can be incorporated into base rates. By allowing these insurance costs to be charged to the property reserve, the utility's customers would be protected from higher exposure to future uninsured property damage costs.

In summary, Gulf continues to support its specific preliminary comments to Staff's proposed rule amendments filed February 14, 2007, in red-line strikeout format and offers additional post workshop comments as set forth above.

Sincerely,



rjm

cc: Blanca Bayo
Cheryl Bulecza-Banks
Michael Cooke
Tim Devlin
Chuck Hill
John Slemkewicz
Marshall Willis
James D. Beasley
Bill Feaster
Beggs and Lane
Jeffrey A. Stone, Esquire

John McWhirter
Charles Beck
Schef Wright
Javier J. Portuondo
Alex Glenn
John Burnett
Paul Lewis, Jr.
Natalie Smith
John Butler