

Terry A. Davis
Assistant Secretary and
Assistant Treasurer

One Energy Place
Pensacola, Florida 32520-0786

Tel 850.444.6664
Fax 850.444.6026
TADAVIS@southernco.com

RECEIVED-FPSC

11 JUN -3 AM 9:53

COMMISSION
CLERK



June 2, 2011

Ms. Ann Cole
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

11 JUN 2011 10:00 AM
11 JUN 2011 10:00 AM
11 JUN 2011 10:00 AM
11 JUN 2011 10:00 AM
11 JUN 2011 10:00 AM

Dear Ms. Cole:

Re: Docket No. 110000-OT - Undocketed Filings - 2012 FEECA
Report Data Collection

Enclosed for official filing are an original and five copies of Gulf Power
Company's responses to Staff's First Data Request in regard to the 2012
FEECA Report Data Collection.

Regards,

Terry A. Davis

nbm

cc: Mr. Lawrence D. Harris
Office of General Counsel
Mr. Jeffrey Stone
Beggs & Lane

COM _____
APA _____
ECR 5
GCL _____
RAD _____
SSC _____
ADM _____
OPC _____
CLK _____

DOCUMENT NUMBER-DATE

03884 JUN-3 =

FPSC-COMMISSION CLERK

1. Please provide two tables comparing the cumulative demand and energy savings achieved against the cumulative goals for the six year period 2005 - 2010. All savings reported should be "at the generator."
 - a. For Table A, use the goals established in 2004 for all six years.
 - b. For Table B, use the goals established in 2004 for years 2005-2009 and the goals established in 2009 for year 2010.

GULF'S RESPONSE:

Cumulative Savings Achieved vs. Cumulative Goals (2004 goals)

Year	Winter Peak MW Reduction			Summer Peak MW Reduction			GWh Energy Reduction		
	Achieved	Goal	% Variance	Achieved	Goal	% Variance	Achieved	Goal	% Variance
2005	12.1	16.4	-26%	18.7	21.9	-15%	19.3	5.6	244%
2006	19.7	30.1	-35%	30.0	38.5	-22%	23.3	11.2	108%
2007	26.5	42.6	-38%	39.1	52.6	-26%	28.4	17.2	65%
2008	26.6	52.4	-49%	40.0	61.4	-35%	30.8	23.1	33%
2009	29.7	62.2	-52%	43.3	70.3	-38%	41.2	29.1	42%
2010	31.8	71.3	-55%	48.6	78.6	-38%	43.1	34.4	25%

Table B

Cumulative Savings Achieved vs. Cumulative Goals (2004 goals, 2009 goals for year 2010)

Year	Winter Peak MW Reduction			Summer Peak MW Reduction			GWh Energy Reduction		
	Achieved	Goal	% Variance	Achieved	Goal	% Variance	Achieved	Goal	% Variance
2005	12.1	16.4	-26%	18.7	21.9	-15%	19.3	5.6	244%
2006	19.7	30.1	-35%	30.0	38.5	-22%	23.3	11.2	108%
2007	26.5	42.6	-38%	39.1	52.6	-26%	28.4	17.2	65%
2008	26.6	52.4	-49%	40.0	61.4	-35%	30.8	23.1	33%
2009	29.7	62.2	-52%	43.3	70.3	-38%	41.2	29.1	42%
2010	31.8	68.6	-54%	48.6	79.0	-38%	43.1	67.3	-36%

2. If your utility had any active solar renewable programs in 2010, please complete the following table for each program. Please add rows as necessary to provide other pertinent information that may be helpful to staff in determining whether these programs have been successful.

GULF'S RESPONSE:

Solar Renewable Programs Active in 2010

Name of Program	N/A
Program Implementation Date	N/A
Vendor Name (if applicable)	N/A
Number of Installations	N/A
kWh Savings Per Installation	N/A
Summer kw Savings	N/A
Winter kw Savings	N/A
Cost of Equipment	N/A
Incentive Amount Paid to Customer	N/A
Other incentives/rebates customer received	N/A
Total Expenditures (\$)	N/A

Gulf had no active solar programs in 2010. Gulf's solar thermal water heater pilot program ended in December 2009. Gulf's plans for new solar programs were approved by the Commission in September 2010 but program standards were not approved until January 2011. Thus, Gulf did not have any active solar programs in 2010.

3. The tables on the last page of GULF's Annual DSM Report filed on March 1, 2011, are entitled "Comparison of Achieved kW and kWh Reductions with PSC Established Goals." These tables appear to reflect "@ the meter" reductions. Please provide the tables with "@ the generator" reductions.

GULF'S RESPONSE:

**Comparison of Achieved kW and kWh Reductions
 With Public Service Commission Established Goals
 At The Generator**

	Residential								
	<u>Winter Peak mW Reduction</u>			<u>Summer Peak mW Reduction</u>			<u>gWh Energy Reduction</u>		
	Total Achieved	Com. Appr. Goal	% Variance	Total Achieved	Com. Appr. Goal	% Variance	Total Achieved	Com. Appr. Goal	% Variance
2005	4.62	9.5	-51%	3.94	7.8	-49%	3.48	3.4	2%
2006	7.75	19.0	-59%	6.17	15.5	-60%	4.84	6.7	-28%
2007	11.10	28.5	-61%	8.94	23.3	-62%	6.27	10.1	-38%
2008	10.87	38.0	-71%	8.85	31.0	-71%	6.44	13.4	-52%
2009	11.69	47.4	-75%	9.53	38.8	-75%	6.87	16.8	-59%
2010	10.69	56.2	-81%	8.89	46.0	-81%	6.79	19.5	-65%
2011		49.4			40.5			20.4	
2012		56.1			46.0			22.8	
2013		62.7			51.4			25.3	
2014		69.4			56.9			27.8	

	Commercial/Industrial								
	<u>Winter Peak mW Reduction</u>			<u>Summer Peak mW Reduction</u>			<u>gWh Energy Reduction</u>		
	Total Achieved	Com. Appr. Goal	% Variance	Total Achieved	Com. Appr. Goal	% Variance	Total Achieved	Com. Appr. Goal	% Variance
2005	7.51	6.9	9%	14.77	14.1	5%	15.79	2.3	587%
2006	11.94	11.1	8%	23.88	22.9	4%	18.46	4.5	310%
2007	15.43	14.1	9%	30.18	29.3	3%	22.13	7.1	212%
2008	15.75	14.4	9%	31.11	30.4	2%	24.32	9.7	151%
2009	17.98	14.8	21%	33.76	31.5	7%	34.32	12.3	179%
2010	21.08	15.1	40%	39.70	32.6	22%	36.30	14.9	144%
2011		11.8			25.7			16.0	
2012		12.0			26.5			18.4	
2013		12.3			27.3			20.8	
2014		12.6			28.2			23.2	

4. As indicated on the last page of GULF's Annual DSM Report filed on March 1, 2011, the summer demand MW reduction and the GWh energy reduction goals for 2010 were not met in the residential sector. Please estimate how the difference between the goals and actual achievements for this sector has impacted your residential customers by completing the tables below.

GULF'S RESPONSE:

GULF - Residential

Year	Summer (MW)			Avoided Capacity (\$/kw/month)	Total Cost (\$)
	Goal	Achieved	Difference		
2010	7.5	6.8	0.7	\$2/kw/month	

Year	Energy (GWH)			Avg as Available Energy Rate	Total Cost (\$)
	Goal	Achieved	Difference		
2010	35.0	6.2	28.8	\$.03904/kWh	

Gulf provided the Avoided Capacity and Average Available Energy Rate as requested in the table above; however, Gulf does not believe that these numbers accurately represent an impact to our customers as a result of not meeting demand and energy goals.

Gulf left the "Total Cost" figures in the tables above blank for the following reasons¹. First, Gulf was unclear on how the "Total Cost" is to be calculated. Second, if the "Total Cost" was intended to represent the result of multiplying the "Difference" times the "Rate", Gulf recognizes a number of problems with this oversimplified approach to calculating any impact of goal achievement, or lack thereof, on our customers.

One significant shortcoming of this approach to calculating "Total Cost" is that it does not consider the benefit to Gulf's customers of not spending funds on DSM programs necessary to meet the 2010 goals. In our DSM Plan, which was designed to meet 2010 goals established by the Commission, Gulf projected expenditures of \$21.71 million² in 2010 to reach the goal. This projection is \$11.85 million more than Gulf's actual expenditures of \$9.86 million³. Gulf's customers missed opportunities to conserve kWh and kW because plans were not approved and programs could not be implemented, but

¹ Gulf did not complete the "Total Cost" figures due to reasons noted in the narrative response to question #4.

² As filed in "Scenario A" in Gulf Power's 2011 ECCR projection filing (Docket No. 100002-EG)

³ As filed in Gulf Power's 2010 ECCR final true-up filing (Docket No. 110002-EG)

our customers also enjoyed the benefit of lower rates. Although Gulf did not reach the 2010 goal, the calculations in the table above do not account for the benefits received by customers from not paying the additional \$11.85 million in expenses.

Gulf does not endorse the calculations in the table above, even if this particular shortcoming is corrected. Because there are many ways to analyze impacts of goal achievement, or lack thereof, on utility customers, any methodology, which could take the form of an industry-standard approach or a Florida-specific model, should be chosen after all parties have had opportunity to fully explore the benefits and shortcomings of the many available options.. There are numerous factors, some within the Company's control and some that are not, that impact whether or not demand and energy reduction goals are met in a given year. This is a complex issue that should be vetted among the Utilities, FPSC Staff, and other interested parties prior to an attempt to quantify the magnitude of customer impact resulting from either not achieving, or over achieving, conservation goals. Gulf does not believe that the method proposed by the calculation embedded in this data request is representative of "impacts" to Gulf's customers for associated DSM achievements. Gulf is also of the opinion that given the significant increase in our DSM goals, we should have an opportunity to gain experience with the new programs before this topic is addressed.

Gulf Power is excited about the recent approval of our DSM plan. While these goals represent the largest increase in DSM in Gulf's history, we recognize the value that many of the programs offer our customers. Gulf fully anticipates meeting our DSM goals beginning in 2012 and looks forward to exploring this topic in a setting that allows for it to be fully vetted including all interested parties.

5. Please also estimate how the difference between the goals and actual achievements has impacted the general body of GULF ratepayers with regard to:
- a. generation costs
 - b. fuel costs
 - c. transmission costs
 - d. distribution costs
 - e. greenhouse gas emissions
 - f. jobs with the State of Florida

GULF'S RESPONSE:

Gulf is uncertain how to estimate the impacts, if any, requested in #5. There are a number of methods that could be used for estimating items "a" through "d" as well as numerous assumptions that can be made. For example, for "generation costs", it is unclear as to whether Staff is requesting a 2010 annual cost, or a cumulative cost over some period of time. If cumulative, what period of time should be used? Should a discount rate be applied and if so, what rate would be appropriate? Similar questions arise with respect to fuel, transmission and distribution costs. These are but a few assumptions which demonstrate Gulf's concerns over offering an uninformed response to this question.

Gulf further suggests that the response to this question should be incorporated into a more detailed analysis and workshops including all stakeholders to ensure these assumptions are appropriately made.

For item "e", Gulf can conclude there are \$0 costs which impacted Gulf's customers as a result of Gulf's DSM achievements during 2010.

For item "f", Gulf is unclear whether the request is for direct employment for DSM plan implementation or an estimate of the total employment impact, which might include spending multipliers and macroeconomic rate impacts. The latter is a very complex analysis requiring multiple assumptions. This type of analysis is not typically performed by Gulf.

6. As indicated in GULF's Annual DSM Report filed on March 1, 2011, the Good Cents Home/Energy Star program did not achieve projected cumulative participation levels in 2010. The program was 11,039 participants short of the cumulative number of participants GULF projected the program would have in 2010. As of 2010, this program had only reached 13.8% of eligible customers, whereas GULF projected it would have reached 34.8% of eligible customers by 2010. Please explain why the projected participation levels (2005-2010) were not achieved for this program.

GULF'S RESPONSE:

The Good Cents Home/Energy Star program did not achieve projected cumulative participation levels in 2010 due to factors outside of Gulf Power's control. This program targets new home construction by encouraging builders to take full advantage of efficiencies available through the interactions of all the systems within the home — the cooling, heating and ventilation system, the water heating system, the insulation and air-barrier system, the appliances and lighting, and the windows. Due to unprecedented economic conditions not seen since the Great Depression, Gulf's new connects were down in 2010 by almost 80% when compared to 2006. The dramatic decline in new home construction is the reason this program has not met projected participation levels.