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COMMISSION
CLERK



July 14, 2011

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

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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 Second Data Request in regard to the 2012
FEECA Report Data Collection.

Regards,

nbm

Enclosures

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

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- Please refer to your response to Question No. 3 from Staff's First Data Request, table entitled "Comparison of Achieved kW and kWh Reductions with PSC Established Goals at the Generator." The two tables GULF provided correct the Total Achieved column to provide savings as measured "at the generator" per staff's request. Please explain why the figures in the Commission-Approved Goals column differ from the established goals contained in your March 1, 2011, FEECA Progress Report filing.

GULF'S RESPONSE:

When the Commission-Approved Goals column was modified from goals measured "at the meter" to goals measured "at the generator", the numbers input into the column erroneously stopped at the year 2010. Attached is the correct table complete with the goals through 2014.

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

	Winter Peak mW Reduction			Summer Peak mW Reduction			gWh Energy Reduction		
	Total	Com. Appr.	%	Total	Com. Appr.	%	Total	Com. Appr.	%
	Achieved	Goal	Variance	Achieved	Goal	Variance	Achieved	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%	4.64	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		64.9			53.2			22.2	
2012		73.7			60.4			24.9	
2013		82.4			67.5			27.6	
2014		91.1			74.7			30.3	

	Winter Peak mW Reduction			Summer Peak mW Reduction			gWh Energy Reduction		
	Total	Com. Appr.	%	Total	Com. Appr.	%	Total	Com. Appr.	%
	Achieved	Goal	Variance	Achieved	Goal	Variance	Achieved	Goal	Variance
2005	7.51	6.9	9%	14.77	14.1	5%	15.79	2.3	567%
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		15.5			33.7			17.5	
2012		15.8			34.8			20.1	
2013		16.2			35.9			22.7	
2014		16.5			37.0			25.3	

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2. Gulf's response to Question No. 4 from Staff's First Data Request states in part "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." Please suggest any alternative method(s) for analyzing impacts of goal achievement or lack thereof on utility customers.

GULF'S RESPONSE:

As noted in Gulf's previous response to Question No. 4, there are many ways to analyze customer "impacts" associated with goal achievement or lack thereof. It continues to be Gulf's view that this is a complex issue which should be vetted among all stakeholders including Florida's utilities, Commission Staff and other interested parties in the context of workshops. Gulf believes further that experience implementing the multitude of new programs would significantly enhance a discussion about "impacts" to customers of achieving or not achieving goals. As utilities gain experience with market reaction to incentive levels, effectiveness of promotion campaigns, trade ally reaction to program design, etc., utility projections of customer take-rates and program costs improve. These improved cost and take-rate projections are vital not only to achieving the goals, but also to appropriately analyzing any "impact" to customers of achieving or not achieving the goals.

Staff's request for any "method(s) for analyzing impacts of goal achievement or lack thereof on utility customers" could be satisfied by examining some form of the Rate Impact Measure (RIM), the metric traditionally used by the Commission to gauge the impact on customers of implementing programs to achieve energy and demand reduction goals.

The Total Resource Cost (TRC) test would not be appropriate for this exercise because it does not measure an impact on customers. The TRC test ignores significant cost impacts to customers, such as incentive payments which are funded through rate increases to all customers, making it an inadequate measure of the requested "impact."

Further complicating the issue is the fact that, by necessity, many utility programs designed to meet the goals are non-RIM passing which means that implementing those programs and achieving those goals in and of itself has an "impact" on customers.

While Gulf is not advocating or endorsing any specific calculation at this stage, it seems reasonable to Gulf that any methodology should consider the underlying economic principles contained in the Commission approved cost-effectiveness standards. These principles include quantification of future benefits and costs – both of which are

important components of the analysis. Depending on the perspective of the analysis, the following could be either a positive or a negative “impact” to customers: generation costs, transmission costs, distribution costs, program administration costs, marketing costs, incentive costs, and lost revenues. All of these should be considered in a balanced and long-term analysis in any attempt to gauge an “impact” on customers.

There are likely to be challenges in developing any methodology to quantify “impacts” to customers. This further underscores the need to discuss any proposed methodology in a broader forum that includes all stakeholders.

To the extent that any methodology is employed for use in a regulatory proceeding to address a utility’s goal achievement (which goal achievement should be measured on a combined basis including all residential, commercial and industrial programs together), consideration must also be given to whether the subject goals are achievable and whether the failure to achieve one or more goals is attributable to circumstances beyond the control of the utility.

3. In Gulf's response to Question No. 5 from Staff's First Data Request regarding how the difference between goals and achievements has impacted the general body of ratepayers, Gulf states in part ". . . the response to this question should be incorporated into a more detailed analysis and workshops including all stakeholders. . ." When does Gulf believe the time would be ripe for such a workshop?

GULF'S RESPONSE:

As indicated in Gulf's response to Question No. 4 from Staff's First Data Request, Gulf is of the opinion that, given the significant increase in its DSM goals, Gulf should have an opportunity to gain experience with the new programs before this topic is addressed. This experience will be invaluable to all stakeholders in fully recognizing the true costs and benefits associated with implementing and managing our new portfolio(s) of programs. Nevertheless, Gulf believes that it is necessary to hold workshops prior to any Commission decision to publish or utilize any calculated "impacts" to utility customers associated with goal achievement or lack thereof.