

Robert L. McGee, Jr.  
Regulatory & Pricing Manager

One Energy Place  
Pensacola, Florida 32520-0780

Tel 850.444.6530  
Fax 850.444.6026  
RLMCGEE@southernco.com

October 5, 2012



RECEIVED-FPSC  
12 OCT -8 AM 9:24  
COMMISSION  
CLERK

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

RE: Docket No. 120002-EG

Dear Ms. Cole:

Enclosed is the Prehearing Statement of Gulf Power Company to be filed in the above referenced docket. Also enclosed is a Compact Disk containing the Prehearing Statement in Microsoft Word.

Sincerely,

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

wb

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.

COM  
AFD 4to  
APA  
ECO  
ENG  
GCL  
IDM  
TEL  
CLK

DOCUMENT NUMBER-DATE  
06808 OCT-8 12  
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery ) Docket No. 120002-EG  
Clause ) Date Filed: October 8, 2012  
)

**PREHEARING STATEMENT OF GULF POWER COMPANY**

Gulf Power Company, (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned attorneys, and pursuant to Order No. PSC-12-0062-PCO-EG, issued February 10, 2012, establishing the prehearing procedure in this docket, files this prehearing statement, saying:

**A. APPEARANCES:**

JEFFREY A. STONE, Esquire, RUSSELL A. BADDERS, Esquire  
and STEVEN R. GRIFFIN, Esquire, of Beggs & Lane, P.O. Box  
12950, Pensacola, FL 32591-2950  
On behalf of Gulf Power Company.

**B. WITNESSES:** All witnesses known at this time, who may be called by Gulf Power Company, along with the subject matter and issue numbers which will be covered by the witness' testimony, are as follows:

| <u>Witness</u><br>(Direct) | <u>Subject Matter</u>   | <u>Issues</u>    |
|----------------------------|---|------------------|
| 1. Jennifer L. Todd        | True-up; components of Gulf's conservation plan and associated costs; projections and program results | 1, 2, 3, 4,<br>7 |

**C. EXHIBITS:**

| <u>Exhibit Number</u> | <u>Witness</u> | <u>Description</u>              |
|-----------------------|----------------|---------------------------------|
| (JLT-1)               | Todd           | Schedules CT - 1 through CT - 6 |
| (JLT-2)               | Todd           | Schedules C - 1 through C - 6   |

**D. STATEMENT OF BASIC POSITION**

**Gulf Power Company's Statement of Basic Position:**

It is the basic position of Gulf Power Company that the proposed ECCR factors present the best estimate of Gulf's Conservation expense at this time for the period January 2013 through December 2013, including the true-up calculations and other adjustments allowed by the Commission.

**E. STATEMENT OF ISSUES AND POSITIONS**

**Generic Energy Conservation Cost Recovery Issues**

**ISSUE 1:** What are the final conservation cost recovery true-up amounts for the period January 2011 through December 2011?

**GULF:** Over recovery of \$4,404,080. (Todd)

**ISSUE 2:** What are the total conservation cost recovery amounts to be collected during the period January 2013 through December 2013?

**GULF:** Recovery of \$24,765,353 (excluding revenue taxes). (Todd)

**ISSUE 3:** What are the conservation cost recovery factors for the period January 2013 through December 2013?

**GULF:** The Company's proposed conservation cost recovery factors by customer class for the period January 2013 through December 2013 are as follows: (Todd)

| <b>RATE CLASS</b> | <b>CONSERVATION COST RECOVERY FACTORS<br/>¢/kWh</b> |
|-------------------|---|
| RS                | 0.226   |
| RSVP, Tier 1      | (2.550)   |
| RSVP, Tier 2      | (1.367)   |
| RSVP, Tier 3      | 5.553   |
| RSVP, Tier 4      | 49.485  |
| GS                | 0.223   |
| GSD, GSDT, GSTOU  | 0.219   |
| LP, LPT           | 0.210   |
| PX, PXT, RTP, SBS | 0.204   |
| OSI, OSII         | 0.204   |
| OSIII             | 0.212   |

**ISSUE 4:** What should be the effective date of the new conservation cost recovery factors for billing purposes?

**GULF:** The new conservation cost recovery factors should be effective beginning with the first billing cycle for January 2013 and thereafter through the last billing cycle for December 2013. The first billing cycle may start before January 1, 2013, and the last cycle may be read after December 31, 2013, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Todd)

**Gulf Power Company Specific Conservation Cost Recovery Issues**

**ISSUE 7:** What are the Residential Service Variable Pricing (RSVP) rate tiers for Gulf Power Company for the period January 2013 through December 2013?

**GULF:** The Company's RSVP rate tiers for January 2013 through December 2013 are as follows: (Todd)

| <b>Rate Tier</b> | <b>RSVP ECCR<br/>Factor<br/>¢/kWh</b> |
|------------------|---------------------------------------|
| P1               | (2.550)                               |
| P2               | (1.367)                               |
| P3               | 5.553                                 |
| P4               | 49.485                                |

**Conservation Cost Recovery Issues Raised by Southern Alliance for Clean Energy (SACE)**

**ISSUE 1:** Does the utility have a measurement plan in place to ensure that energy savings associated with its ECCR factors are accurate?

**GULF:** This issue is not appropriate for inclusion in this docket. The proposed issue relates to measurement of energy savings figures that were approved as part of the Company's Demand Side Management ("DSM") Plan in Docket No. 100154-EG. The Company's approved DSM Plan contains procedures to monitor and evaluate program performance. This is a matter of DSM program design which is outside the scope of this cost recovery docket. SACE introduced similar issues in last year's cost recovery docket, 110002-EG, which were rejected by the Prehearing Officer on the grounds that they were not relevant and beyond the scope of this proceeding. See, Order No. PSC-11-0507-PHO-EG.

**ISSUE 2:** Does the utility have a verification plan in place to ensure that energy savings associated with its ECCR factors are accurate?

**GULF:** This issue is not appropriate for inclusion in this docket. The proposed issue relates to verification of energy savings figures that were approved as part of the Company's Demand Side Management ("DSM") Plan in Docket No. 100154-EG. The Company's approved DSM Plan contains procedures to monitor and evaluate program performance. This is a matter of DSM program design which is outside the scope of this cost recovery docket. SACE introduced similar issues in last year's cost recovery docket, 110002-EG, which were rejected by the Prehearing

Officer on the grounds that they were not relevant and beyond the scope of this proceeding. See, Order No. PSC-11-0507-PHO-EG.

**ISSUE 3:** Does the utility have an evaluation plan in place to ensure optimal program impacts and performance?

**GULF:** This issue is not appropriate for inclusion in this docket. The proposed issue relates to monitoring performance of programs included within the Company's Demand Side Management ("DSM") Plan in Docket No. 100154-EG. The Company's approved DSM Plan contains procedures to monitor and evaluate program performance. This is a matter of DSM program design which is outside the scope of this cost recovery docket. SACE introduced similar issues in last year's cost recovery docket, 110002-EG, which were rejected by the Prehearing Officer on the grounds that they were not relevant and beyond the scope of this proceeding cost recovery proceeding. See, Order No. PSC-11-0507-PHO-EG.

#### **F. STIPULATED ISSUES**

**GULF:** Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

#### **G. PENDING MOTIONS:**

**GULF:** None.

#### **H. PENDING CONFIDENTIALITY REQUEST:**

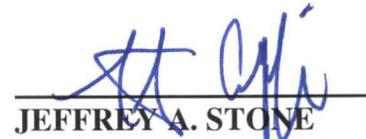
**GULF:** None.

#### **I. OTHER MATTERS:**

**GULF:** To the best knowledge of counsel, Gulf has complied, or is able to comply, with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearings set for November 5-7, 2012, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 5<sup>th</sup> day of October, 2012.

Respectfully submitted,



**JEFFREY A. STONE**

Florida Bar No. 0325953

**RUSSELL A. BADDERS**

Florida Bar No. 0007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**Beggs & Lane**

P. O. Box 12950

Pensacola, FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Energy Conservation Cost)  
Recovery Clause )

Docket No.: 120002-EG

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U.S. mail this 5th day of October, 2012 on the following:

Ausley Law Firm  
James D. Beasley  
J. Jeffry Wahlen  
Post Office Box 391  
Tallahassee, FL 32302  
[ibeasley@ausley.com](mailto:ibeasley@ausley.com)

Brickfield, Burchette, Ritts & Stone, PC  
James W. Brew  
F. Alvin Taylor  
Eighth Floor, West Tower  
1025 Thomas Jefferson St, NW  
Washington, DC 20007  
[jbrew@bbrslaw.com](mailto:jbrew@bbrslaw.com)  
[ataylor@bbrslaw.com](mailto:ataylor@bbrslaw.com)

Federal Executive Agencies  
Captain Samuel Miller  
USAF/AFLOA/JACL-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall AFB, FL 32403-5319  
[Samuel.Miller@Tyndall.af.mil](mailto:Samuel.Miller@Tyndall.af.mil)

Florida Industrial Power Users Group  
c/o Moyle Law Firm  
Vicki Gordon Kaufman  
Jon C. Moyle, Jr.  
118 North Gadsden Street  
Tallahassee, FL 32301  
[vkaufman@moylelaw.com](mailto:vkaufman@moylelaw.com)

Florida Power & Light Company  
Kenneth M. Rubin  
John T. Butler  
700 Universe Boulevard (LAW/JB)  
Juno Beach, FL 33408-0420  
[ken.rubin@fpl.com](mailto:ken.rubin@fpl.com)

Florida Power & Light Company  
Kenneth Hoffman  
215 South Monroe Street  
Suite 810  
Tallahassee, FL 32301-1858  
[Ken.Hoffman@fpl.com](mailto:Ken.Hoffman@fpl.com)

Florida Public Utilities Company  
Cheryl Martin  
Aleida Socarras  
1641 Worthington Road  
Suite 220  
West Palm Beach, FL 33409-6703  
[cherylmartin@fpuc.com](mailto:cherylmartin@fpuc.com)

Florida Solar Energy Industries Association  
Bruce Kershner  
231 West Bay Avenue  
Longwood, FL 32750-4125  
[bruce@flaseia.org](mailto:bruce@flaseia.org)

Gunster Law Firm  
Beth Keating  
215 South Monroe Street  
Suite 601  
Tallahassee, FL 32301-1804  
[bkeating@gunster.com](mailto:bkeating@gunster.com)

Office of Public Counsel  
J.R. Kelly  
P. Christensen  
C. Rehwinkel  
c/o The Florida Legislature  
111 W. Madison Street, Room 812  
Tallahassee, FL 32399-1400  
[Christensen.patty@leg.state.fl.us](mailto:Christensen.patty@leg.state.fl.us)

Progress Energy Florida, Inc.  
Paul Lewis, Jr.  
106 East College Avenue  
Suite 800  
Tallahassee, FL 32301  
[Paul.lewisjr@pgnmail.com](mailto:Paul.lewisjr@pgnmail.com)

Progress Energy Service Company, LLC  
John T. Burnett  
Dianne M. Triplett  
Post Office Box 14042  
St. Petersburg, FL 33733  
[John.burnett@pgnmail.com](mailto:John.burnett@pgnmail.com)

Southern Alliance for Clean Energy  
c/o George Cavros, Esq  
120 East Oakland Park Blvd.  
Suite 105  
Fort Lauderdale, FL 33334  
[george@cavros-law.com](mailto:george@cavros-law.com)

Suzanne Brownless, Esq.  
1301 Miccosukee Road  
Tallahassee, FL 32308  
[suzannebrownless@comcast.net](mailto:suzannebrownless@comcast.net)

Tampa Electric Company  
Ms. Paula K. Brown  
Regulatory Affairs  
P. O. Box 111  
Tampa, FL 33601-0111  
[Regdept@tecoenergy.com](mailto:Regdept@tecoenergy.com)

White Springs Agricultural Chemicals, Inc.  
Randy B. Miller  
Post Office Box 300  
White Springs, FL 32096  
[RMiller@pcsphosphate.com](mailto:RMiller@pcsphosphate.com)

Mike Rogers  
113 East College Ave, Ste 200  
Tallahassee, FL 32317  
[mrogers@wilsonmgmt.com](mailto:mrogers@wilsonmgmt.com)

Lee Eng Tan, Esq  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850  
[ltan@psc.state.fl.us](mailto:ltan@psc.state.fl.us)



**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
BEGGS & LANE  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
Attorneys for Gulf Power Company