

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

September 26, 2014



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

RE: Docket No. 140007-EI

Dear Ms. Stauffer:

Attached is the Prehearing Statement of Gulf Power Company to be filed in the above-referenced docket. Pursuant to the Order Establishing Procedure, a copy of this Prehearing Statement prepared using Microsoft Word is being provided to Commission staff and all parties.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

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Attachments

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

CLK note: CD of DN in Word received
and forwarded to ENG 9/29/14.
MHM

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost Recovery) Docket No. 140007-EI
Clause) Date Filed: September 26, 2014
)

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-14-0087-PCO-EI, issued February 4, 2014, 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> <u>(Direct)</u>	<u>Subject Matter</u>	<u>Issues</u>
1. J. O. Vick (Gulf)	Environmental compliance activities (True-Ups and Projection)	1, 2, 3
2. C. S. Boyett (Gulf)	Environmental compliance cost recovery calculations (True-Ups and Projection)	1, 2, 3, 4, 5, 6, 7, 8

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
(RWD-1)	Boyett	Calculation of Final True-up 1/13 – 12/13
(CSB-1)	Boyett	Calculation of Estimated True-up 1/14 – 12/14
(CSB-2)	Boyett	Calculation of Projection 1/15 - 12/15

D. STATEMENT OF BASIC POSITION

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the environmental cost recovery factors proposed by the Company present the best estimate of Gulf's environmental compliance costs recoverable through the Environmental Cost Recovery Clause (ECRC) for the period January 2015 through December 2015 including the true-up calculations and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Environmental Cost Recovery Issues

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2013 through December 2013?

GULF: Under recovery of \$6,645,915. (Vick, Boyett)

ISSUE 2: What are the estimated/actual environmental cost recovery true-up amounts for the period January 2014 through December 2014?

GULF: Under recovery of \$2,229,940. (Vick, Boyett)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2015 through December 2015?

GULF: \$143,358,252. (Vick, Boyett)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2015 through December 2015?

GULF: Recovery of \$152,343,715. (Boyett)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2015 through December 2015?

GULF: The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Boyett)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2015 through December 2015?

GULF: The demand jurisdictional separation factor is 97.07146%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales. (Boyett)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2015 through December 2015 for each rate group?

GULF: See table below: (Boyett)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RSVP	1.592
GS	1.435
GSD, GSDT, GSTOU	1.276
LP, LPT	1.136
PX, PXT, RTP, SBS	1.083
OS-I/II	0.417
OSIII	1.039

ISSUE 8: What should be the effective date of the new environmental cost recovery factors for billing purposes?

GULF: The new environmental cost recovery factors should be effective beginning with the first billing cycle for January 2015 and thereafter through the last billing cycle for December 2015. The first billing cycle may start before January 1, 2015, and the last cycle may be read after December 31, 2015, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Boyett)

F. COMPANY-SPECIFIC ISSUES

GULF: NONE.

G. 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.

H. PENDING MOTIONS:

GULF: NONE.

I. PENDING CONFIDENTIALITY REQUEST:

GULF: NONE.

J. OTHER MATTERS:

GULF: To the best knowledge of counsel, Gulf has complied 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 October 22-24, 2014, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 26th day of September, 2014.

Respectfully submitted,



JEFFREY A. STONE

Florida Bar No. 0325953

jas@beggslane.com

RUSSELL A. BADDERS

Florida Bar No. 0007455

rab@beggslane.com

STEVEN R. GRIFFIN

Florida Bar No. 0627569

srg@beggslane.com

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: **Environmental Cost**)
Recovery Clause)

Docket No.: 140007-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 26th day of September, 2014 to the following:

Ausley Law Firm
James D. Beasley
J. Jeffrey Wahlen
Ashley M. Daniels
Post Office Box 391
Tallahassee, FL 32302
jbeasley@ausley.com
adaniels@ausley.com

PCS Phosphate – White Springs
c/o Brickfield Law Firm
James W. Brew/F. Alvin Taylor
Eighth Floor, West Tower
1025 Thomas Jefferson St, NW
Washington, DC 20007
jbrew@bbrslaw.com

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

Florida Industrial Power Users Group
c/o Moyle Law Firm
Jon C. Moyle, Jr.
118 North Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com

Florida Power & Light Company
John T. Butler
700 Universe Boulevard
Juno Beach, FL 33408-0420
John.Butler@fpl.com

Hopping Green & Sams
Gary V. Perko
P. O. Box 6526
Tallahassee, FL 32314
gperko@hgslaw.com

Office of Public Counsel
J. McGlothlin
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

Duke Energy Florida, Inc.
Matthew R. Bernier
Paul Lewis, Jr.
106 East College Avenue, Suite 800
Tallahassee, FL 32301
Matthew.bernier@duke-energy.com
Paul.lewisjr.@duke-energy.com

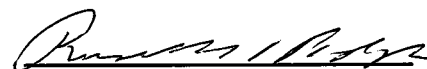
Duke Energy Florida, Inc.
John T. Burnett
Dianne M. Triplett
Post Office Box 14042
St. Petersburg, FL 33733
Dianne.triplett@duke-energy.com
John.burnett@duke-energy.com

Tampa Electric Company
Ms. Paula K. Brown
Regulatory Affairs
P. O. Box 111
Tampa, FL 33601-0111
Regdept@tecoenergy.com

Office of the General Counsel
Charles Murphy
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850
cmurphy@psc.state.fl.us

Robert Scheffel Wright
John T. La Via, III
c/o Gardner Law Firm
1300 Thomaswood Drive
Tallahassee, FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com

D. Marshall, Counsel
c/o DeSoto County Generating
Company, LLC
1700 Broadway, 35th Floor
New York, New York 10019
DMarshall@LSPower.com



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

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