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Florida Public Service Commission  
Office of Commission Clerk  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

COMMISSION  
CLERK

2017 JAN 30 AM 8:19

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RE: Docket Number 160186-EI

To the Honorable Members of the PSC,

We write to you today in **total opposition** to the rate increase proposed by Gulf Power Company (GPC) as proposed in the docket named above.

GPC's proposal and methodology for rate increase is based upon a premise of higher base fees and lowered energy charges compared to current rate charts. GPC's reasoning is quite clearly stated: Lower revenues have been allegedly caused by lower than anticipated population increase and customer growth than anticipated, and energy conservation efforts by consumers/customers of GPC. So, based upon these revenue shortfall problems, GPC has submitted a proposal to the PSC to lower the company's dependence on electrical sales by increasing its reliance on a high fixed fee. This fixed fee for Residential Service (RS) and Residential Service Variable Pricing (RSVP) customers would move from \$18.87 monthly to \$48.09 monthly.

There are a number of inherent problems with such a proposal where base fees are high, and energy charges are lowered, if the PSC were to approve the GPC request:

1. **Base Fee Raised, Then A Potential for a Request to Increase Energy Charges** - There is no wording in the GPC request to the PSC to prevent GPC from raising base fees and lowering energy charges, followed with another rate increase in upcoming years that would raise energy charges. If this were done, electric rates in the GPC would be extremely high at all levels (base fee plus energy charges). The potential for so-called "bait and switch" is quite high.
2. **High Base Fees Impact Low Electrical Energy Users Disproportionally** - GPC's request unduly burdens those who use low amounts of electricity in their homes. This is clearly demonstrated in the PSC's "Rate Case Overview" document on Page 3, where 1000 kWh monthly usage customers would see their bills *increase* by \$16.77, driven higher by the \$48.09 monthly base charge. By comparison, customers with greater monthly consumption of 3000 kWh would actually see their bills go *down* by \$10.37. This demonstrates that by lowering the energy charge rate, low energy use customers, customers with their own solar PV systems (paid at their own expense), and, quite likely, low income residents (fixed income, low personal income, those with employment struggles, etc.) will be providing a fixed fee subsidy to GPC without any possibility of finding a way to reduce the expense in their budgets.

3. **RSVP Customers Already Assist GPC in Lowering Operating Costs** - RSVP customers voluntarily request and participate with GPC to use electricity during lower operating cost periods. In summer, rates per kWh run 7 cents higher from 1 PM to 6 PM, and in winter from 6 AM to 10 AM weekdays. These times are GPC's high peak demand times. During other times, RSVP customers are using electricity during off peak times. GPC explains in their promotional documents that shifting use reduces *operating* expenses for the company since electrical production is most expensive during peak times. We are RSVP customers, and we consciously purchase electricity during off-peak times both to save money, and to reduce overall demand on the grid. This is one way we are "good citizens" to the overall cause of grid electricity. Through the GPC proposal to the PSC, our efforts must not be "good enough", because GPC is proposing to increase our electrical bill not based upon usage, but upon a high fixed fee. The fixed fee is counterproductive to being a part of RSVP, and does not promote customer responsibility and recognition of a need for all customers to manage peak demand usage.
  
4. **Customers with Photovoltaic System (PV) and Renewable Generation Systems Are Unduly Penalized by a High Base Fee** - GPC, along with nearly all large electrical providers in Florida and the United States, have engaged in a political campaign against customers, like us, who have installed ecologically sustainable electrical generation systems, like PV, on their rooftops. GPC, among other electrical providers, through the recently failed Florida Constitutional Amendment 1, substantially funded a political action committee effort which attempted to develop a broad public sentiment that those with PV systems were causing electrical rates to climb. Most who researched the issue, or who observed the massive advertising machine to persuade the public to pass this amendment, found the effort to be simply shameful. In essence, those with net zero PV systems actually benefit GPC and the grid by providing electricity at the moment it is needed the most... peak demand hours! Our house is fully self-reliant during peak demand times, and at the same time produces enough electricity to cause the meter to run in reverse. This excess energy, in turn, is placed on the GPC grid for sale to other customers. Given that we are RSVP customers, we are essentially providing GPC with electrical supplies that offset peak demand needs from other sources (especially fossil fuel sources). GPC sells our PV generated power to other customers at peak RSVP rates, or RS rates, or commercial peak rates. In return, GPC provides us credits for use primarily during dark hours or rainy days, when RSVP medium or low rates are in place. This means that, although we primarily produce PV net metered power to GPC during times when they charge high rate charges during peak demand, the return on credited power to us is provided at a lower price period. Thus, although kWh are a one-to-one credit for us, the actual dollar price per kWh is at a deficit on our end of net metering. Additionally, although it seldom occurs in RSVP, GPC can charge over 70 cents per kWh during critical demand peaks. These peaks most often occur on hot, summer, hazy, and especially SUNNY days. As RSVP customers, we take critical power rates seriously. We program our thermostat to go substantially higher during critical demand, and allow our panels to provide GPC with nearly as many Watts as we can produce at the time. But on the flip side of this coin, any overages in production on our PV end that are in a credit bank with GPC in December is reimbursed to us at a rate of about 3 cents per kWh. This comes back to the proposed \$48.09 high base rate. Given our *contribution* of electrical power to GPC at times of its highest peak demand, and our non-equal financial rate of return from GPC for electricity produced in their peak demand times, a higher base rate of \$48.09 causes our personal investment in solar (without any rebates or

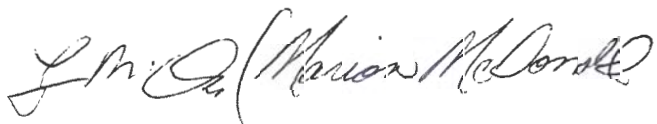
promotions from GPC to purchase and install our system, mind you) to become nearly unrecoverable over our original cost recovery time of 9-10 years.

5. **High Base Rates and Low Energy Charges Provide Lower Incentives for Customers to Save Energy** - GPC's energy charge proposal promotes more energy use. Since the proposed \$48.09 base charge is fixed and cannot be modified by the customer, lower energy charges are then an incentive to use more electricity. That may be a great business model, but for a public utility, and 25% owner of Plant Scherer in Georgia (the largest carbon dioxide greenhouse emission electrical generation plant in the United States), along with other coal and natural gas fired systems throughout the GPC service area, essentially GPC is encouraging customers to use more, while most customers blindly add to the ever-rising carbon dioxide levels of Earth, thus causing unnatural increases in heat retention in Earth's atmosphere. On the surface, GPC promotes rather lengthy advertisements about how "a little change will do us good" with regard to energy conservation activities with compact fluorescent and LED light bulbs, and actively promotes geothermal HVAC systems in its advertising, and yet is attempting to encourage more electrical use by locking in fixed income through a high base rate fee and lowering energy charges. This is simply terrible corporate stewardship of the environment, and hardly a "green" move.


**Summary:** Based upon the above statements and facts, we once again strongly urge the PSC to **not approve** a rate increase for GPC. The increase in the base fee charged to all is outrageous, and is not truly offset for all customers by simply lowering energy charges. The base rate fee change, as proposed, would be detrimental to low energy users, fixed income and low income customers, those who have invested in renewable energy systems, customers who choose to modify times of electrical consumption through GPC's own highly promoted RSVP program, and to the overall natural ecosystems of our planet through increased production of carbon dioxide into the atmosphere.

Thank you, PSC, for your full consideration of our perspective of the GPC request.

Sincerely,

A handwritten signature in cursive script, appearing to read "L.M.C. (Marian McDonald)".

Larry McDonald and Marian McDonald

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