



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE LEGAL OPERATIONS AGENCY



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21 February, 2017

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

Re: Docket Nos. 160186-EI and 160170-EI

Dear Ms. Stauffer:

Enclosed for filing on behalf of Federal Executive Agencies (“FEA”) is a Prehearing Statement in the above-referenced docket, submitted by electronic mail.

If you should have any question about this filing, please do not hesitate to contact me.

Sincerely,

/s/ Thomas A. Jernigan
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Enclosure
cc: Counsel for Parties of Record (w/enc)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PETITION FOR RATE INCREASE)
BY GULF POWER COMPANY)

DOCKET NO. 160186-EI

IN RE: PETITION FOR APPROVAL OF 2016)
DEPRECIATION AND DISMANTLEMENT)
STUDIES, APPROVAL OF PROPOSED)
DEPRECIATION RATES AND ANNUAL)
DISMANTLEMENT ACCRUALS AND)
PLANT SMITH UNITS 1 AND 2)
REGULATORY ASSET AMORTIZATION,)
BY GULF POWER COMPANY)

DOCKET NO. 160170-EI

PREHEARING STATEMENT OF FEDERAL EXECUTIVE AGENCIES

Federal Executive Agencies, through the undersigned attorney, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-16-0473-PCO-EI, issued October 20, 2016, hereby submit this Prehearing Statement.

APPEARANCES:

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Attorneys on behalf of Federal Executive Agencies

(1) ALL KNOWN FEA WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues Numbers</u>
<u>Direct</u>		
Michael P. Gorman	Return on Equity/Capital Structure/Rate of Return	39-47
Brian C. Andrews	Depreciation Expense	8-18
Amanda M. Alderson	Cost of Service/Revenue Spread/Rate Design	83-87

(2) ALL KNOWN FEA EXHIBITS

<u>Witness</u>	<u>Proffered By</u>	<u>Exhibit #</u>	<u>Description</u>
<u>Direct</u>			
Michael P. Gorman	FEA	App A	Qualifications of Michael P. Gorman
Michael P. Gorman	FEA	MPG-1	Rate of Return
Michael P. Gorman	FEA	MPG-2	Valuation Metrics
Michael P. Gorman	FEA	MPG-3	Gulf's Capital Structure, Standard & Poor's Credit Metrics, and Rate of Return
Michael P. Gorman	FEA	MPG-4	Proxy Group
Michael P. Gorman	FEA	MPG-5	Consensus Analysts' Growth Rates
Michael P. Gorman	FEA	MPG-6	Constant Growth DCF Model
Michael P. Gorman	FEA	MPG-7	Payout Ratios
Michael P. Gorman	FEA	MPG-8	Sustainable Growth Rate
Michael P. Gorman	FEA	MPG-9	Constant Growth DCF Model
Michael P. Gorman	FEA	MPG-10	Electricity Sales Are Linked to US Economic Growth
Michael P. Gorman	FEA	MPG-11	Multi-Stage Growth DCF Model
Michael P. Gorman	FEA	MPG-12	Common Stock Market/Book Ratio
Michael P. Gorman	FEA	MPG-13	Equity Risk Premium - Treasury Bond
Michael P. Gorman	FEA	MPG-14	Equity Risk Premium - Utility Bond
Michael P. Gorman	FEA	MPG-15	Bond Yield Spreads
Michael P. Gorman	FEA	MPG-16	Treasury and Utility Bond Yields
Michael P. Gorman	FEA	MPG-17	Value Line Beta
Michael P. Gorman	FEA	MPG-18	CAPM Return
Michael P. Gorman	FEA	MPG-19	Standard & Poor's Credit Metrics
Michael P. Gorman	FEA	MPG-20	Vander Weide DCF
Michael P. Gorman	FEA	MPG-21	Accuracy of Interest Rate

			Forecasts
Brian C. Andrews	FEA	App A	Qualifications of Brian C. Andrews
Brian C. Andrews	FEA	BCA-1	BCA Depreciation Study
Brian C. Andrews	FEA	BCA-2	Simulated Plant Record Analysis
Amanda M. Alderson	FEA	App A	Qualifications of Amanda M. Alderson
Amanda M. Alderson	FEA	AMA-1	Gulf Power System Peaks
Amanda M. Alderson	FEA	AMA-2	Southern Company System Peaks
Amanda M. Alderson	FEA	AMA-3	Alternative COSS Results
Amanda M. Alderson	FEA	AMA-4	Load Research and Allocator Data

(3) STATEMENT OF FEA’S BASIC POSITION

FEA filed testimony on return on equity, embedded cost of debt, and proposed capital structure that will provide Gulf Power Company (“Gulf Power”) with an opportunity to realize cash flow financial coverage ratios and balance sheet strength that conservatively supports Gulf Power’s current bond rating. The FEA recommendation represents fair compensation for Gulf Power’s investment risk and will preserve the Company’s financial integrity and credit standing while finding an equitable balance between the rates paid by customers and the shareholders’ right to fair compensation.

FEA filed testimony stating that Gulf Power overstated its depreciation rates for several transmission, distribution, general, and transportation plant (“TDG”) accounts. FEA believes that Gulf Power underestimated the average service life for nine of the 28 accounts studied; therefore FEA is recommending increasing the lives of these nine accounts. These rates produce an excessive amount of depreciation expense and overstate the test year revenue requirement. FEA believes that the lives for the TDG accounts should be based on more recent retirement history relative to that which has been relied on by Gulf Power. The more recent retirement history will provide a better indication of future retirements of utility property, than will reliance on much older history.

FEA filed testimony supporting the Company's proposal to continue using the Minimum Distribution Study method to functionalize distribution costs, but FEA opposes the Company's proposal to include an energy weighting in development of the production cost allocation method. FEA finds the underlying data used by Gulf Power to develop the retail class production cost allocators to be inconsistent with the utility's previously filed load research studies, and therefore questions the accuracy of the Company's proposed production cost allocation across the retail classes. Because of the lack of supportable data available, FEA proposes that the spread of the revenue increase across customer classes be adjusted to use a 1.1 times gradualism constraint as opposed to the Company's proposed 1.5 times gradualism constraint.

FEA positions are based on materials filed by the parties. FEA final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

(4) PRELIMINARY LIST OF ISSUES

Legal/Threshold Issues

ISSUE 1: Should the Commission address Gulf's requests related to electric vehicle charging stations in this case (Issue 13 and Issue 22)?

FEA: No position at this time.

Test Year Period and Forecasting

ISSUE 2: Is Gulf's projected test year period of the 12 months ending December 31, 2017 appropriate?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 3: Are Gulf's forecasts of Customers, kWh, and kW by rate class, for the 2017 projected test year appropriate? If not, what adjustments should be made?

FEA: No position at this time.

ISSUE 4: Are Gulf's forecasts of billing determinants by rate schedule for the 2017 projected test year appropriate? If not, what adjustments should be made?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 5: Are Gulf's estimated revenues from sales of electricity by rate class at present rates for the projected 2017 test year appropriate? If not, what adjustments should be made?

FEA: FEA's evidence shows that Gulf Power's proposed 2017 revenue requirement is overstated and not reasonable.

ISSUE 6: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the 2017 projected test year budget?

FEA: No position at this time.

Quality of Service

ISSUE 7: Is the quality and reliability of electric service provided by Gulf adequate?

FEA: No position at this time.

Depreciation and Dismantlement

ISSUE 8: What are the appropriate capital recovery schedules?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 9: What are the appropriate depreciation parameters (remaining life [including the production unit retirement date or life span and the interim retirement ratio for production plant accounts], net salvage percentage [including interim net salvage percent for production plant accounts], and reserve percentage) and resulting depreciation rates for each production unit and each production plant account?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 10: What are the appropriate depreciation parameters (average service life, remaining life, net salvage percentage and reserve percentage) and resulting depreciation rates for each transmission, distribution, and general plant account?

FEA: FEA takes the position that is advocated in the direct testimony of Brian C. Andrews and presented in his Exhibit BCA-1. The appropriate depreciation parameters are shown in the table below. Sponsoring witness: Brian C. Andrews.

Account	Average Service Life	Remaining Life	Net Salvage Percentage	Depreciation Rate
350.1	65-R5	27.66	0%	1.53%
352	55-R3	46.65	-5%	1.72%
353	40-L0.5	34.36	-10%	2.81%
354	56-R3	33.06	-25%	2.00%
355	41-S0	35.62	-75%	4.56%
356	50-R1	42.14	-30%	2.55%
358	55-R5	28.31	0%	1.47%
359	55-SQ	42.09	0%	1.85%
360.1	55-SQ	44.59	0%	1.82%
361	52-R2.5	38.99	-5%	1.89%
362	38-R1	28.04	-10%	3.12%
364	38-R1	27.52	-75%	4.30%
365	45-R1	32.53	-50%	3.57%
366	67-R5	27.34	0%	1.13%
367	41-R2	30.52	-15%	2.44%
368	33-R0.5	24.97	-22%	3.40%
369.1	42-R1	29.46	-75%	3.85%
369.2	45-R2.5	32.87	-20%	2.58%
370.0	16-R1	11.46	10%	7.92%
370.1	15-R1	11.82	0%	4.75%
373	23-R0.5	15.85	-20%	4.13%
390	48-R1.5	33.59	-5%	2.01%
392.1	7-R4	3.59	15%	8.24%
392.2	12-R4	2.21	5%	17.57%
392.3	13-L4	3.18	15%	8.95%
392.4	22-L2.5	10.26	8%	3.73%
396	18-R4	5.80	20%	1.37%
397	17-L1.5	11.48	0%	5.22%

ISSUE 11: Based on the application of the depreciation parameters that the Commission has deemed appropriate to GPC's data, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances, if any?

FEA: The comparison of the book reserves to theoretical reserves and the resulting imbalances associated with the depreciation parameters shown in Issue 11 are presented below. Sponsoring witness: Brian C. Andrews.

Account	Book Reserve	Theoretical Reserve	Imbalance
350.1	7,310,897	7,270,194	40,703
352	6,029,828	3,890,209	2,139,619
353	33,409,988	38,782,427	(5,372,439)
354	24,879,312	21,659,251	3,220,061
355	28,946,820	52,900,799	(23,953,979)
356	27,851,093	25,290,442	2,560,651
358	8,392,435	6,988,786	1,403,649
359	51,951	55,396	(3,445)
Total Transmission	136,872,325	156,837,504	(19,965,179)
360.1	38,383	38,642	(259)
361	8,307,855	6,937,867	1,369,988
362	48,190,373	61,457,066	(13,266,693)
364	79,425,237	67,776,229	11,649,008
365	52,068,507	63,640,015	(11,571,509)
366	802,585	686,400	116,185
367	63,904,565	46,475,682	17,428,882
368	104,889,760	83,881,394	21,008,366
369.1	38,141,620	32,386,834	5,754,786
369.2	20,106,639	18,471,837	1,634,802
370.0	(288,419)	9,335,914	(9,624,333)
370.1	18,329,633	8,858,910	9,470,723
373	41,162,451	28,174,468	12,987,983
Total Distribution	475,079,189	428,121,259	46,957,929
390	31,641,511	26,561,318	5,080,193
396	671,383	505,337	166,046
397	9,823,909	7,959,834	1,864,074
Total General	42,136,803	35,026,489	7,110,313
392.1	16,553	12,372	4,181
392.2	4,220,267	5,826,354	(1,606,087)
392.3	13,863,301	15,745,698	(1,882,397)
392.4	709,817	648,547	61,270
Total Transportation	18,809,939	22,232,971	(3,423,032)
Total TDG	672,898,255	642,218,224	30,680,031

ISSUE 12: What, if any, corrective depreciation reserve measures should be taken with respect to the imbalances identified in **Issue 11**?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 13: What is the appropriate depreciation rate for Gulf's electric vehicle charging stations?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 14: What is the appropriate recovery period for the regulatory asset related to the retirement of Plant Smith Units 1 and 2 approved in Docket No. 160039-EI?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 15: What is the appropriate current total estimated cost of dismantling Gulf Power Company's generation fleet?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 16: What, if any, corrective dismantlement reserve allocations should be made?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 17: Based on the decisions in **Issues 15 and 16**, what is the appropriate annual accrual for dismantlement?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 18: What should be the implementation date for revised depreciation rates, capital recovery schedules, dismantlement accruals, and amortization schedules?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

Rate Base

ISSUE 19: Should the Commission allow recovery through retail rates of the portion of Scherer Unit? If so, what adjustments, if any, should be made to the treatment of Scherer Unit 3 in the Company's filing?

FEA: FEA adopts the position of the OPC.

ISSUE 20: Should costs currently approved by agreement and stipulation for recovery through the Environmental Cost Recovery Clause associated with Scherer Unit 3 be included in base rates for Gulf? If so, what adjustments, if any, should be made?

FEA: FEA adopts the position of the OPC.

ISSUE 21: Are there any capital costs currently being recovered by Gulf through cost recovery clauses that should be moved from the cost recovery clauses to base rates? If so, what capital costs should be moved to base rates and what adjustments should be made, if any?

FEA: No position at this time.

ISSUE 22: What is the appropriate amount, if any, to include in Plant in Service for Gulf's electric vehicle charging stations?

FEA: No position at this time.

ISSUE 23: What is the appropriate amount of Plant in Service for Gulf's Transmission Capital Additions?

FEA: No position at this time.

ISSUE 24: Has Gulf made the appropriate test year adjustments to remove from rate base costs recovered under the Environmental Cost Recovery Clause?

FEA: No position at this time.

ISSUE 25: Has Gulf made the appropriate test year adjustments to remove from rate base costs recovered under the Energy Conservation Cost Recovery Clause?

FEA: No position at this time.

ISSUE 26: Should the Commission allow recovery through rates of the costs associated with the proposed new Gulf Smart Energy Center? What adjustments, if any, should be made to the Gulf Smart Energy Center costs included in the 2017 projected test year?

FEA: No position at this time.

ISSUE 27: Are Gulf's projected capital expenditures associated with maintenance outages for 2016 and 2017 appropriate? If not, what adjustments should be made?

FEA: No position at this time.

ISSUE 28: Is Gulf's requested level of Plant in Service for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

ISSUE 29: Is Gulf's requested level of Accumulated Depreciation for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

ISSUE 30: Is Gulf's requested level of Construction Work in Progress for the 2017 projected test year appropriate? If not, what is the appropriate amount?

FEA: No position at this time.

ISSUE 31: Is Gulf's requested level of Property Held for Future Use for the 2017 projected test year, including the North Escambia site, appropriate? If not, what is the appropriate amount?

FEA: No position at this time.

ISSUE 32: Is Gulf's requested level of Property Held for Future Use for the 2017 projected test year appropriate? If not, what is the appropriate amount?

FEA: No position at this time.

ISSUE 33: Should any adjustments be made to Gulf's fuel inventories for the projected 2017 test year?

FEA: No position at this time.

ISSUE 34: What is the appropriate treatment of the remaining equipment inventory balance resulting from the closure of Plant Scholz?

FEA: No position at this time.

ISSUE 35: Is Gulf's proposed Deferred Return on Transmission Investments and the amortization thereof consistent with the terms of the 2013 Settlement Agreement in Docket No. 130140-EI, correctly calculated, and appropriate? If not, what is the appropriate amount?

FEA: No position at this time.

ISSUE 36: Is Gulf's December 19, 2016 pension contribution impacting the 2017 projected test year appropriate? If not, what is the appropriate amount?

FEA: No position at this time.

ISSUE 37: Is Gulf's proposed level of Working Capital for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

ISSUE 38: Is Gulf's requested rate base for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

Cost of Capital

ISSUE 39: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for the 2017 projected test year?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 40: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the 2017 projected test year?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 41: What is the appropriate cost rate for customer deposits for the 2017 projected test year?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 42: What is the appropriate cost rate for short-term debt for the 2017 projected test year?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 43: What is the appropriate cost rate for long-term debt for the 2017 projected test year?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 44: What is the appropriate cost rate for preference stock for the 2017 projected test year?

FEA: No position at this time. FEA has limited resources and will not address all issues in this proceeding.

ISSUE 45: What is the appropriate capital structure for the 2017 projected test year?

FEA: Gulf's capital structure has an excessive amount of common equity and unnecessarily inflates the cost to retail customers. FEA witness Gorman recommends that the Commission should award a balanced capital structure that preserves Gulf's credit rating and access to capital but at a more competitive cost to customers than the capital structure proposed by Gulf. Sponsoring witness: Michael P. Gorman.

ISSUE 46: What is the appropriate return on equity (ROE) to use in establishing Gulf's revenue requirement?

FEA: The appropriate ROE for Gulf is 9.20%, which is the approximate midpoint of FEA witness Gorman's recommended range of 8.80% to 9.50%. Sponsoring witness: Michael P. Gorman.

ISSUE 47: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure for the 2017 projected test year? (Fallout Issue)

FEA: The appropriate weighted average cost of capital for Gulf is 5.20% as recommended by FEA witness Gorman. Sponsoring witness: Michael P. Gorman.

Net Operating Income

ISSUE 48: Has Gulf made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Cost Recovery Clause?

FEA: No position at this time.

ISSUE 49: Has Gulf made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Energy Conservation Cost Recovery Clause?

FEA: No position at this time.

ISSUE 50: Has Gulf made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

FEA: No position at this time.

ISSUE 51: Has Gulf made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

FEA: No position at this time.

ISSUE 52: Is Gulf's projected level of Total Operating Revenues for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

ISSUE 53: Is Gulf's proposed electric vehicle charging station expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 54: Is Gulf's proposed tree trimming expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 55: Is Gulf's proposed pole inspection expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 56: Is Gulf's proposed production O&M expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 57: Is Gulf's proposed transmission O&M expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 58: Is Gulf's proposed distribution O&M expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 59: Is Gulf's proposed Incentive Compensation (also referred to by Gulf as variable pay or at-risk pay) included in the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 60: Are Gulf's proposed employee levels and salary and wage expenses included in the 2017 projected test year appropriate? If not, what adjustments should be made?

FEA: No position at this time.

ISSUE 61: Is Gulf's proposed Pension Expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 62: Is Gulf's proposed Other Post Employment Benefits Expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 63: Is Gulf's proposed employee benefit expenses for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 64: Is Gulf's proposed annual storm damage accrual for the 2017 projected test year appropriate? If not, what is the appropriate amount?

FEA: No position at this time.

ISSUE 65: Is Gulf's property damage reserve target appropriate? If not, what is the appropriate property damage reserve target?

FEA: No position at this time.

ISSUE 66: Is Gulf's proposed expense related to Directors and Officers Liability Insurance appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 67: Is Gulf's proposed Rate Case Expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 68: Is Gulf's proposed Bad Debt Expense for the 2017 projected test year appropriate? If not, what adjustment should be made?

FEA: No position at this time.

ISSUE 69: Is Gulf's proposed Customer Accounts Expenses for the 2017 projected test year appropriate? If not, what adjustments should be made?

FEA: No position at this time.

ISSUE 70: Is Gulf's proposed Customer Service & Information Expenses and Sales Expenses for the 2017 projected test year appropriate? If not, what adjustments should be made?

FEA: No position at this time.

ISSUE 71: Is Gulf's proposed Administrative and General Expenses for the 2017 projected test year appropriate? If not, what adjustments should be made?

FEA: No position at this time.

ISSUE 72: What adjustment, if any, should be made to account for affiliated activities/transactions for the 2017 projected test year?

FEA: No position at this time.

ISSUE 73: Is Gulf's requested level of O&M Expense for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

ISSUE 74: What is the appropriate amount of depreciation and fossil dismantlement expense for the 2017 projected test year?

FEA: No position at this time.

ISSUE 75: What is the appropriate amount of Taxes Other Than Income Taxes for the 2017 projected test year? (Fallout Issue)

FEA: No position at this time.

ISSUE 76: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates and amortizations?

FEA: No position at this time.

ISSUE 77: Is it appropriate to make a parent debt adjustment per Rule 25-14.004, Florida Administrative Code? If so, what adjustment should be made?

FEA: No position at this time.

ISSUE 78: What is the appropriate amount of Income Tax expense for the 2017 projected test year? (Fallout Issue)

FEA: No position at this time.

ISSUE 79: Is Gulf's requested level of Total Operating Expenses for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

ISSUE 80: Is Gulf's projected Net Operating Income for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

Revenue Requirements

ISSUE 81: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for Gulf? (Fallout Issue)

FEA: No position at this time.

ISSUE 82: Is Gulf's requested annual operating revenue increase for the 2017 projected test year appropriate? If not, what is the appropriate amount? (Fallout Issue)

FEA: No position at this time.

ISSUE 88: Should Gulf's proposed new methodology to design the residential base and energy charges for the residential rate schedules RS, RSVP, FLAT-RS, and RSTOU that results in an increase from \$0.62 to \$1.58 per day, or approximately \$48 per month, in the base charge and corresponding reduction in the energy charge be approved?

FEA: No position at this time.

ISSUE 89: Is the proposed new optional Residential Service – Demand (RSD) rate schedule appropriate?

FEA: No position at this time.

ISSUE 90: Is the proposed new optional Residential Service – Demand Time-of-use (RSDT) rate schedule appropriate?

FEA: No position at this time.

ISSUE 91: Is the proposed new optional Customer Assistance Program Rider (Rate Rider CAP) appropriate? (Moot if Issue 88 is not approved)

FEA: No position at this time.

ISSUE 92: Is Gulf's proposal to remove the critical peak option for the General Service Demand Time-of-use (GSDT) rate schedule appropriate?

FEA: No position at this time.

ISSUE 93: Is Gulf's proposed new Extra-Large Business Incentive Rider (Rate Rider XLBIR) appropriate?

FEA: No position at this time.

ISSUE 94: Are Gulf's proposed changes to its small, medium, and large Business Incentive Riders appropriate?

FEA: No position at this time.

ISSUE 95: What are the appropriate base charges?

FEA: No position at this time.

ISSUE 96: What are the appropriate demand charges?

FEA: No position at this time.

ISSUE 97: What are the appropriate energy charges?

FEA: No position at this time.

ISSUE 98: What are the appropriate transformer ownership discounts?

FEA: No position at this time.

ISSUE 99: What are the appropriate lighting charges?

FEA: No position at this time.

ISSUE 100: Should the Commission approve the following modifications to the Outdoor Service (OS) tariff and lighting pricing methodology that have been proposed by Gulf:

- a) Remove certain fixtures from the tariff;
- b) Close all Metal Halide, 21 High Pressure Sodium, and 16 LED fixtures for new installations;
- c) Revisions to the pole options; and
- d) Modification to the Outdoor Service Lighting Pricing Methodology contained in Form 4.

FEA: No position at this time.

ISSUE 101: What is the appropriate effective date for Gulf's revised rates and charges?

FEA: No position at this time.

Other Issues

ISSUE 102: Should the Commission approve Gulf's proposed modifications to the existing residential HVAC Improvement program in its Demand-Side Management Plan? (Moot if Issue 88 is not approved)

FEA: No position at this time.

ISSUE 103: Should the Commission approve Gulf's proposed modifications to the existing Residential Building Efficiency program in its Demand-Side Management Plan? (Moot if Issue 88 is not approved)

FEA: No position at this time.

ISSUE 104: Should the Commission approve Gulf's proposed new residential Insulation Improvement program to be added to its Demand-Side Management Plan? (Moot if Issue 88 is not approved)

FEA: No position at this time.

ISSUE 105: Should the Commission approve the following modifications to the Critical Peak Option for the Large Power Time-of-Use (LPT) rate schedule:

- a) Establish the Critical Peak Option as a Demand-Side Management Program;
- b) Reduce the minimum critical peak demand notification from one business day to one hour;
- c) Eliminate the restrictions on the frequency and duration of the critical peak period.

FEA: No position at this time.

ISSUE 106: Should Gulf be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

FEA: No position at this time.

ISSUE 107: Should this docket be closed?

FEA: No position at this time.

(5) **STATEMENT OF ISSUES TO WHICH FEA HAS STIPULATED**

FEA: None at this time.

(6) **STATEMENT OF ALL PENDING MOTIONS OR OTHER MATTERS FEA SEEKS ACTION UPON**

FEA: None.

(7) **STATEMENT IDENTIFYING FEA'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY**

FEA: None.

(8) **ANY FEA OBJECTIONS TO A WITNESS' QUALIFICATIONS AS AN EXPERT.**

FEA: None at this time.

(9) **A REQUEST FOR SEQUESTRATION OF WITNESSES**

FEA: None at this time.

(10) A STATEMENT AS TO ANY REQUIREMENT SET FORTH IN THE ORDER THAT CANNOT BE COMPLIED WITH, AND THE REASONS THEREFORE.

There are no requirements of the Order Establishing Procedure with which Federal Executive Agencies cannot comply.

CERTIFICATE OF SERVICE
Docket Nos. 16-0186-EI, 16-0170-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail and/or U.S. mail this 21st day of February, 2017 to the following:

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Dated this 21st day of February, 2017.

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