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October 4, 2017

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

RE: Docket No. 20170002-EG

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 blue ink that reads "Rhonda J. Alexander".

Rhonda J. Alexander
Regulatory, Forecasting and Pricing Manager

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Attachments

cc: Gulf Power Company
Jeffrey A. Stone, Esq.
Beggs & Lane
Russell Badders, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery) Docket No. 20170002-EG
Clause) Date Filed: October 4, 2017
)

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-17-0111-PCO-EG, issued March 27, 2017, establishing the prehearing procedure in this docket, files this prehearing statement, saying:

A. APPEARANCES

JEFFREY A. STONE, Esquire
General Counsel
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One Energy Place
Pensacola, FL 32520-0100

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. John N. Floyd	True-up; components of Gulf's conservation plan and associated costs; projections and program results	1, 2, 3, 4, 5, 6, 7, 10, 11

C. EXHIBITS

<u>Witness</u> Direct	<u>Proffered by</u>	<u>Exhibit #</u>	<u>Description</u>
Floyd	Gulf Power Company	JNF-1	Schedules CT-1 through CT-6
Floyd	Gulf Power Company	JNF-2	Schedules C-1 through C-6
Floyd	Gulf Power Company	JNF-3	Revised Tariff Sheet No. 6.98

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 2018 through December 2018, 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 adjustment true-up amounts for the period January 2016 through December 2016?

GULF: Under recovery of \$270,410. (Floyd)

ISSUE 2: What are the appropriate conservation adjustment actual/estimated true-up amounts for the period January 2017 through December 2017?

GULF: Over recovery of \$127,008. (Floyd)

ISSUE 3: What are the appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2018 through December 2018?

GULF: Under recovery of \$143,402 to be collected. (Floyd)

ISSUE 4: What are the total conservation cost recovery amounts to be collected during the period January 2018 through December 2018?

GULF: Recovery of \$14,666,016 (including prior true-up amounts and revenue taxes). (Floyd)

ISSUE 5: What are the conservation cost recovery factors for the period January 2018 through December 2018?

GULF: The Company's proposed conservation cost recovery factors by customer class for the period January 2018 through December 2018 are as follows: (Floyd)

RATE CLASS	CONSERVATION COST RECOVERY FACTORS
RS	0.140 cents/kWh
RSVP, Tier 1	(3.000) cents/kWh
RSVP, Tier 2	(0.952) cents/kWh
RSVP, Tier 3	7.772 cents/kWh
RSVP, Tier 4	68.008 cents/kWh
RSTOU On-peak	17.250 cents/kWh
RSTOU Off-peak	(3.205) cents/kWh
RSTOU Critical Peak Credit	\$5.00 per event
GS	0.137 cents/kWh
GSD, GSDT, GSTOU	0.132 cents/kWh
LP, LPT	0.127 cents/kWh
LPT-CPO On-Peak	(\$2.14) per kW
LPT-CPO Critical	\$25.68 per kW
PX, PXT, RTP, SBS	0.124 cents/kWh
OSI, OSII	0.108 cents/kWh
OSIII	0.124 cents/kWh

ISSUE 6: 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 2018 and thereafter through the last billing cycle for December 2018. The first billing cycle may start before January 1, 2018, and the last cycle may be read after December 31, 2018, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Floyd)

ISSUE 7: Should the Commission approve revised tariffs reflecting the energy conservation cost recovery amounts and establishing energy conservation cost recovery factors determined to be appropriate in this proceeding?

GULF: Yes. The Commission should approve revised tariffs reflecting the energy conservation cost recovery amounts and establishing energy conservation cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Floyd)

Gulf Specific Issues:

ISSUE 10: Should Gulf's proposed On Peak Demand credits and Critical Peak Demand charges for its Critical Peak Option under Gulf's Large Power Time of Use program be approved?

GULF: Yes. In Order No. PSC-17-0178-S-EI, the Commission approved a stipulation and settlement agreement resolving Gulf Power's 2016 base rate proceeding in Docket No. 20160186-EI. Among other things, the stipulation provided for recovery of the On Peak Demand Credits and Critical Peak Demand Charges associated with Gulf's Large Power Time of Use rate through the Energy Conservation Cost Recovery Clause rather than through base rates, as was previously the case. This change in approach enables Gulf and the Commission to periodically assess the level of On Peak Demand Credits to ensure that they remain cost effective under the Commission-approved Ratepayer Impact Measure ("RIM") test. Gulf's proposed On Peak Demand Credit of \$2.14 per kW is the maximum value that can be provided to keep the program RIM passing. Gulf's proposed Critical Peak Demand Charge of \$25.68 per kW is calculated to ensure that participating customers are receiving the full value of the capacity credits only for the demand that is actually reduced during a critical event period. (Floyd)

ISSUE 11: Should the Commission approve Gulf's proposed modifications to its Residential Time of Use Pilot Program?

GULF: Yes. Gulf is proposing an extension of its Residential Time of Use ("RSTOU") Pilot through December 31, 2020. The Commission approved this pilot as part of Gulf Power's 2015 DSM Plan as a means to evaluate a new rate schedule that could be utilized with a demand response program where the customer provides their own equipment. Gulf's current tariff provides that the rate schedule will expire on December 31, 2017, absent extension by the Commission. Gulf intends to take the pilot results, combined with other data and experience with demand response, and propose a permanent program for customers in the next cycle of DSM plan reviews in 2019. The proposed extension will provide continuity for Gulf's current pilot customers who desire to remain on this pilot rate pending 2020 DSM Plan approvals. (Floyd)

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 October 25-27, 2017, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 4th day of October, 2017.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Energy Conservation Cost**)
Recovery Clause)

Docket No.: **20170002-EG**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 4th day of October, 2017 to the following:

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