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October 13, 2017

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

Re: Docket No. 20170209-EI – Petition of Gulf Power Company for Approval of
Modifications to Business Incentive Rate Riders

Dear Ms. Stauffer:

Attached for electronic filing is Gulf Power Company's response to Staff's First Data
Request in Docket 20170209-EI.

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., General Counsel
Beggs & Lane
Russell Badders, Esq.
Florida Public Service Commission
Tripp Coston, Division of Economics
Charles Morgan II, Division of Economics

1. Please provide a breakdown of the current subscribers to each Business Incentive Rate Rider (BIR). Please include each subscriber's annual load, FTEs created, capital investment, incremental electricity sales revenue, and total discount.

RESPONSE:

						(A)	(B)	(C)
Customer	Maximum Monthly Customer Load (kW)	FTEs	Rider	Investment	Start Date of Rider	BIR Revenue (5-year Total)	Hypothetical Alternative Revenue (5-year Total)	Credits (B) - (A)
#1	224	54	SBIR	\$1.5 MM	July 2015	\$559,027	\$578,293	\$19,266
#2	280	40	SBIR	\$2.1 MM	October 2015	\$667,721	\$690,514	\$22,793

2. Please provide a breakdown of the number of customers, annual load, FTEs, capital investment, incremental electricity sales revenue, and total discount for the customers who have committed to join the BIR referenced by the company in the Petition.

RESPONSE:

				(A)	(B)	(C)
Total # of Customers Committed	Aggregate Maximum Monthly Customer Load (kW)	Aggregate FTEs	Aggregate Investment	Aggregate BIR Revenue	Aggregate Hypothetical Alternative Revenue	Aggregate Credit (B) - (A)
4	15,500	5,640	\$697 MM	\$42,482,168	\$48,449,934	\$5,967,766

3. Since the last update to the Commission, have any changes been made to the company's "Annual Customer Certification"? If yes, please describe.

RESPONSE:

Yes. On May 16, 2016, in Docket No. 20160090-EI, Gulf Power submitted then-current versions of the customer certification forms used by the Company to assess continued eligibility for customers taking service under the Company's Business Incentive Riders. This submission was identified as Document No. 02991-2016. In its 2016 base rate proceeding, Docket No. 20160186-EI, Gulf Power requested approval of a new Extra-Large Business Incentive Rider and sought several modifications to its existing Small, Medium and Large Business Riders. For example, Gulf sought to modify the employment requirement for the Large Business Incentive Rider such that participating customers must demonstrate the hiring of 50 full time employees total rather than 25 full time employees per megawatt of demand. Gulf also sought to remove a requirement that participants provide audit documentation from the Florida Department of Economic Opportunity (FDEO) substantiating the participants' employment figures. This change was necessary due to the fact that the FDEO no longer provided such a service. Gulf's requests were approved in connection with the Stipulation and Settlement Agreement which resolved all outstanding issues in Gulf Power's 2016 base rate proceeding. See, Order No. PSC-17-0178-S-EI dated May 16, 2017. Following the issuance of Order No. PSC-17-0178-S-EI, Gulf revised its customer certification forms to conform to the program modifications.

4. Since the last update to the Commission, have any BIR customers failed to maintain the employment requirement, purchase the specified load amount, or meet the capital investment requirement? If yes, how did the company handle subscribers who failed to maintain the BIR criteria?

RESPONSE:

No.

5. What total load does the company anticipate the BIR reaching? Please provide the company's rationale for the estimate and a timeframe for reaching it?

RESPONSE:

As noted in response to Item Nos. 1 and 2 above, total load under the riders presently is 504 kW and, based on customer commitments, Gulf anticipates an additional load of up to 15.5 MW coming on line between 2017 and 2018. It is not possible to predict with any accuracy the levels of additional participation beyond this timeframe. However, it is certainly Gulf's hope that participation will increase as additional participation results in incremental employment, capital investment and a larger customer base over which to spread fixed costs – thereby benefitting all customers through enhancing the efficient use of the Company's existing electric system. While Gulf has not received commitments beyond those previously identified, Gulf has recently engaged with several prospects who possess substantial loads. These loads, when combined with existing and anticipated loads, would eclipse the combined 100 MW subscription limit for the riders. For these, and other prospects like them, the subscription limitation presents a source of uncertainty around the availability of the riders, which could well be a significant or determining factor in a prospective customer's decision to locate in a different state. Gulf's proposal in this docket eliminates this element of uncertainty.

6. How does the company make potential subscribers aware of the BIR?

RESPONSE:

Gulf's Business Incentive Riders are discussed with potential prospects, as well as with existing customers who are evaluating expansion opportunities within Gulf's service area. In addition to one-on-one discussions with customers and prospects, Gulf educates its economic development partners at Enterprise Florida, Inc., as well as local and regional partners about the riders. Additionally, the riders are marketed on the economic development page of the Company's website.

7. What financial risk will the company's ratepayers be exposed to with the removal of the 100 MW limit?

RESPONSE:

Gulf does not believe that removal of the subscription limitation will expose customers to financial risk. The credits, which apply only to base rates for four to nine years, put downward pressure on rates for all customers by providing immediate additional clause revenue and attracting new, lasting load over which to spread fixed costs. As the Commission has previously noted, "[e]conomic development provides indirect positive impacts to ratepayers including economic and job growth. Furthermore, any increased load as a result of the rider benefits the general body of ratepayers by spreading fixed cost among a larger customer base." See, Order No. PSC-16-0210-TRF-EI at 2. In Gulf's view, this logic holds true with or without a subscription cap, and removal of the subscription cap only expands the potential benefit. Finally, Gulf Power is not seeking approval of increased rates or cost recovery as part of this request.