



Russell Badders

Vice President, Associate General Counsel

February 24, 2020

Mr. Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

RE: Petition of Gulf Power Company for Approval of Amortization Rate for
Customer Account Management System

Dear Mr. Teitzman:

Attached for filing, please find the Petition of Gulf Power Company for Approval of Amortization Rate for Customer Account Management System. If you have any questions regarding this filing, please contact me at (850) 444-6550.

Respectfully Submitted,

A handwritten signature in blue ink that reads 'Russell A. Badders'.

Russell Badders
Vice President & Associate General Counsel
Gulf Power Company

md

Attachments

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Gulf Power Company) Docket No.:
for Approval of Amortization Rate for)
Customer Account Management System) Filed: February 24, 2020
_____)

GULF POWER COMPANY’S PETITION FOR APPROVAL OF AMORTIZATION RATE FOR CUSTOMER ACCOUNT MANAGEMENT SYSTEM

Gulf Power Company (“Gulf Power” or “the Company”), in accordance with Section 366.04, Florida Statutes and Rules 25-6.0436(2)(a) and 25-6.0436(3)(b), Florida Administrative Code (“F.A.C.”), petitions the Florida Public Service Commission (the “Commission”) to approve a new depreciation sub-account and rates for the Company’s new Customer Account Management System (“CAMS”).

In support of this Petition, the Company states as follows:

1. The name, address, telephone number and facsimile number of the Petitioner are:

Gulf Power Company
One Energy Place
Pensacola, Florida 32520
(850) 444-6550
(850) 444-6744 (fax)

2. Gulf Power is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes.

3. All notices, pleadings and correspondence required to be served on the Petitioner should be directed to:

Russell A. Badders
Vice President & Associate General Counsel
Gulf Power Company
One Energy Place, Bin 100
Pensacola, Florida 32520-0100
(850) 444-6550
Russell.Badders@nexteraenergy.com
Attorney for Gulf Power Company

Joel T. Baker
Principal Attorney
joel.baker@fpl.com
700 Universe Boulevard
Juno Beach, Florida 33408-0420
Telephone: (561) 691-7255
Facsimile: (561) 691-7135
Attorney for Gulf Power Company

4. This Petition is being filed consistent with Rule 28-106.201, F.A.C. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f), and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), Gulf Power states that it is not known at this time which, if any, of the issues of material fact set forth in the body of this Petition may be disputed by any others who may plan to participate in this proceeding.

5. Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or sub-accounts in accordance with the Uniform System of Accounts for Public Utilities and Licensees, as found in the Code of Federal Regulations, which is incorporated by reference in Rule 25-6.014(1), F.A.C.

6. Pursuant to Rule 25-6.0436(2)(a), F.A.C., no utility may initiate a new depreciation rate without Commission approval.

7. Pursuant to Rule 25-6.0436(3)(b), F.A.C., any utility that establishes a new account or sub-account classification must request Commission approval of a depreciation rate for the new plant category.

Introduction

8. Gulf Power's billing system, called the Customer Service System, or CSS, has been in use since the late 1990s. CSS is owned by Southern Company and can only be utilized by Gulf Power until the end of 2020. The net asset value on Gulf Power's books for the CSS is \$0. As a result, Gulf Power is in the process of replacing CSS with CAMS, which is a more advanced

system with increased functionalities. CAMS will provide end-to-end customer service capabilities for Gulf Power and its customers, and will serve as a platform to enhance customer communications and the digital experience for Gulf Power's customers. A partial roll-out, or pilot version, of CAMS was implemented successfully during the fourth quarter of 2019 for a subset of customers, and the Company is planning to implement a full roll-out during the first quarter of 2020.

9. Gulf Power's policy for accounting for new software requires capitalization of the cost in plant account 303.5, capitalization of software, and amortization on a straight-line basis over a period of seven years, which is the current amortization period approved for this account. By this Petition, Gulf Power is requesting to extend the amortization period of this system from seven to 20 years in order to more appropriately recognize the longer benefit period expected from this major business system.

Current Depreciation Rates

10. On July 14, 2016, Gulf submitted its regular depreciation study in accordance with Rule 25-6.0436, F.A.C., which requires investor-owned electric utilities to file comprehensive depreciation studies at least once every four years or otherwise in accordance with Commission order. The Commission reviewed Gulf Power's depreciation study in Docket No. 20160170-EI and approved the Company's depreciation rates in Order No. PSC-17-0178-S-EI, issued on May 16, 2017. The Company is currently in the third year of its four-year cycle since new depreciation rates were made effective January 1, 2018. In accordance with Order No. PSC-17-0178-S-EI, Gulf Power's next depreciation and dismantlement study is due to be filed no later than June 30, 2021, with new depreciation rate and dismantlement accruals proposed to become effective January 1, 2022.

Proposal for CAMS

11. The Company proposes that the cost of CAMS continue to be amortized to a CAMS-specific sub-account within account 303.5, and have the amortization period adjusted from seven to 20 years. The extension on this amortization period will help to harmonize the costs of CAMS to the expected useful life of the technology. Extending the amortization period will have the added benefit of decreasing the revenue requirement associated with CAMS when the Company's rates are next set.

12. The Company's proposal for the recovery of CAMS is in line with the amortization period that Florida Power & Light Company ("FPL") has been approved to utilize for its SAP system. In Docket No. 20120015-EI, FPL sought to extend the depreciable life of its SAP system to 20 years in order to more closely align with the period in which customers will experience the benefit of the system. FPL's request was approved by the Commission as reflected in Order No. PSC-13-0023-S-EI, issued on January 14, 2013. Gulf Power is seeking through this Petition to obtain a similar amortization period extension for CAMS.

13. Gulf Power's request is consistent with the terms of its current rate settlement agreement. The Company's Petition to establish a new sub-account within account 303.5 for CAMS and set a 20-year amortization period is for accounting purposes only and will have no impact on customer base rates during the current settlement term.

14. Gulf Power requests that the adjusted amortization rate for CAMS be implemented retroactively to the date of this Petition's filing.

WHEREFORE, Gulf Power respectfully requests that the Commission grant the Company's request for a new depreciation sub-account and amortization rates for CAMS as set out in this Petition.

Respectfully submitted this 24th day of February 2020.



RUSSELL A. BADDERS
Vice President & Associate General Counsel
Florida Bar No. 007455
Russell.Badders@nexteraenergy.com
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0100
(850) 444-6550