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June 25, 2021

-VIA ELECTRONIC FILING-

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

RE: Docket No. 20200151-EI - Petition for approval of a regulatory asset to record costs incurred due to COVID-19, by Gulf Power Company.

Docket No. 20200194-PU – Petition for approval of regulatory assets to record costs incurred due to COVID-19, by Florida Public Utilities Company, Florida Public Utilities Company - Indiantown Division, Florida Public Utilities Company - Fort Meade, Florida Division of Chesapeake Utilities Corporation.

Dear Mr. Teitzman:

Please find enclosed, for electronic filing in the referenced consolidated dockets, Gulf Power Company's responses to the Staff of the Florida Public Service Commission's First Settlement Agreement Data Request (Nos. 1-5).

Thank you for your assistance. Please contact me should you or your staff have any questions regarding this filing.

Sincerely,

/s/ Joel T. Baker

Joel T. Baker
Fla. Bar No. 0108202

cc: Counsel for parties of record (w/encl.)

QUESTION:

The Settlement Agreement proposes the establishment of a regulatory asset in an amount not to exceed \$13,200,000. When will the final amount of the regulatory asset be determined?

RESPONSE:

The final amount of the regulatory asset will be determined when Gulf Power closes its books and records for the month of June 2021 and the amount is reflected in Gulf Power's June 2021 earnings surveillance report. Based on Gulf Power's current forecast, it anticipates the final amount will be \$13.2 million.

QUESTION:

The proposed regulatory asset would include COVID-19 related incremental bad debt expenses and safety-related expenses, as of June 30, 2021. Additionally, the Settlement Agreement states any COVID-19 related incremental costs incurred after June 30, 2021, and through December 31, 2021, will be deemed a separate event and already recovered through rates. If any additional COVID-19 related expenses are incurred after December 31, 2021, does Gulf intend to seek recovery of these new costs in a future proceeding?

RESPONSE:

Gulf Power does not currently anticipate that it will incur any incremental costs related to COVID-19 following December 31, 2021. However, if COVID-19 or any other pandemic-related incremental costs were to reemerge and cause significant costs, a decision on whether to seek recovery of those costs would be made based on the circumstances present at that time.

QUESTION:

For the maximum proposed regulatory asset balance of \$13,200,000, what amount would be attributed to incremental bad debt expenses and what amount would be attributed to safety-related expenses?

RESPONSE:

The chart below presents the estimated amounts attributed to incremental bad debt and safety related expenses, as well as the reduction for expense savings, based on forecasted data as of June 30, 2021 for a maximum regulatory asset balance of \$13.2 million.

Incremental Bad Debt Expenses	\$ 11,890,391
Safety-Related Expenses	3,942,911
Reduction in Travel and Meal Expenses	(1,006,724)
Reduction in Medical Expenses	(1,626,578)
	<u>\$ 13,200,000</u>

QUESTION:

What would be the monthly bill impact on a 1,000 kWh basis of the proposed recovery of \$13,200,000?

RESPONSE:

Beginning January 1, 2022, the monthly bill impact on a 1,000 kWh basis of the proposed recovery of \$13,200,000 over three years is expected to be an increase of about \$0.03 or about 0.02%. This impact is based the consolidation of FPL and Gulf Power customers and unification of rates requested in Docket No. 20210015-EI beginning January 1, 2022.

QUESTION:

Please refer to paragraph 5 on page 5 of the Settlement Agreement. This provision states that the carrying charge of 3.61 percent “shall be subject to annual adjustment.” Please describe the annual adjustment and how it will be effectuated for purposes of recovery of the regulatory asset.

RESPONSE:

Consistent with this provision, Gulf Power will annually update the long-term debt rate applied to the unrecovered COVID-19 regulatory asset to reflect the long-term debt rate included in Gulf Power’s forecasted weighted average cost of capital used in the fuel and purchased power clause projection filing each year. If Gulf Power’s rates are later unified with those of Florida Power & Light Company (“FPL”), as is requested in Docket No. 20210015-EI, the long-term debt rate applied to the unrecovered COVID-19 regulatory asset would be the consolidated (FPL and Gulf Power) forecasted weighted average cost of capital used in the fuel and purchased power clause projection filing.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of a regulatory asset to) Docket No.: 20200151-EI
record costs incurred due to COVID-19,)
by Gulf Power Company)
)
In re: Petition for approval of regulatory) Docket No. 20200194-PU
assets to record costs incurred due to COVID-19,)
by Florida Public Utilities Company, Florida)
Public Utilities Company - Indiantown Division,)
Florida Public Utilities Company - Fort Meade,)
Florida Division of Chesapeake Utilities)
Corporation.)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by electronic mail this 25th day of June, 2021 to the following:

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By: /s/ Joel T. Baker
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