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COMMISSION
CLERK



A SOUTHERN COMPANY

September 12, 2011

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

Dear Ms. Cole:

RE: Docket No. 110002-EG

Enclosed to be filed in the above docket are an original and 15 copies of the following:

1. The Petition of Gulf Power Company.
2. The Prepared Direct Testimony and Exhibit of Jennifer L. Todd.

Also enclosed is a CD containing the Petition in Microsoft Word for Windows format as prepared on a Windows XP operating system.

Sincerely,

COM _____
APA _____
ECR _____
GCL _____
RAD _____
SRC _____
ADM _____
OPC _____
CLK _____

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Enclosures

cc:

Beggs & Lane
J. A. Stone, Esq.

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery

)
) Docket No.: 110002-EG
) Filed: September 13, 2011
)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
THE FINAL CONSERVATION COST RECOVERY TRUE-UP AMOUNTS
FOR JANUARY 2010 THROUGH DECEMBER 2010;
ESTIMATED CONSERVATION COST RECOVERY TRUE-UP AMOUNTS
FOR JANUARY 2011 THROUGH DECEMBER 2011;
PROJECTED CONSERVATION COST RECOVERY AMOUNTS
FOR JANUARY 2012 THROUGH DECEMBER 2012;
AND THE CONSERVATION COST RECOVERY FACTORS TO BE APPLIED
BEGINNING WITH THE PERIOD JANUARY 2012 THROUGH DECEMBER 2012**

Notices and communications with respect to this Petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Steven R. Griffin
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32591

Susan D. Ritenour
Secretary and Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, and pursuant to section 366.82(5), Florida Statutes, and Rule 25-17.015, Florida Administrative Code, hereby petitions the Florida Public Service Commission for recovery of the final conservation cost recovery true-up amounts for January 2010 through December 2010; for approval of its estimated energy conservation true-up amounts for the period January 2011 through December 2011; for approval of the projected energy conservation amounts for the period January 2012 through December 2012; for approval of the proposed energy conservation cost recovery factors to be applied beginning with the period January 2012

through December 2012; and for approval of the four tier RSVP factors included in Schedule C-6 to Ms. Todd's testimony to be applied in the month following the approval of the rate design change in Docket No. 110138-EI.

In support thereof, the Company would respectfully show:

1. Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32520. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission.

2. Pursuant to section 366.82, Florida Statutes, Gulf's energy conservation programs and goals have been approved and adopted by order of this Commission. The implementation of these programs has resulted in certain reasonable and prudent un-reimbursed costs incurred or to be incurred which the Company hereby petitions to be recovered through its rates and charges pursuant to Rule 25-17.015, F.A.C., and the orders and procedures of this Commission.

3. Incorporated by reference into this Petition is the testimony and exhibit of Jennifer L. Todd, submitted in May 2011 and the testimony and exhibit of Jennifer L. Todd filed concurrently with this Petition.¹ Ms. Todd's composite exhibits present reports of Gulf's various programs and incorporate the appropriate and necessary data and information to show the energy conservation cost calculations projected for the period January 2012 through December 2012 and the appropriate true-up adjustment to be applied based on actual data through July 2011 and estimated data for the remainder of the period through December 2011.

4. The "final conservation cost recovery true-up amounts" were filed with the Commission in May 2011 as shown on Schedule CT-1. The final true-up amount for the period

¹ The composite exhibit attached to Ms. Todd's May 2011 testimony contains the Company's CT schedules for the twelve month period ending December 2010. The composite exhibit attached to Ms. Todd's September 2011 testimony contains the Company's C schedules for the twelve month period ending December 2012 and includes data related to the current period January through July 2011, actual and August through December 2011, estimated.

January 2010 through December 2010, as presented in the testimony and exhibit of Ms. Todd filed in May 2011, is an over recovery of \$2,922,947 which amount is hereby submitted for approval by the Commission to be included in the calculation of the conservation cost recovery factors for the next period.

5. Gulf has calculated its estimated true-up amount for the period ending December 2011 to be an under recovery of \$8,947,848. This amount is hereby submitted for approval by the Commission to be included in the calculation of the conservation cost recovery factors for the next period.

6. Gulf projects recoverable expenditures of \$21,751,261 for its approved conservation programs during the twelve month period beginning January 2012 and ending December 2012.

7. Gulf projects that its retail energy sales during the period January 2012 through December 2012 will be 11,768,265,000 kilowatt hours (kWh).

8. On the basis of the final true-up for the period January 2010 through December 2010, the estimated true-up for the period January 2011 through December 2011, the cost projections for the period January 2012 through December 2012, and proper consideration of both projected kWh sales and the adjustment for revenue taxes, the Company's proposed conservation cost recovery factors by customer class for the period January 2012 through December 2012 are as follows:

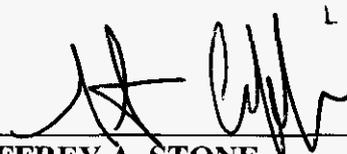
RATE CLASS	CONSERVATION COST RECOVERY FACTORS ¢/kWh
RS, RSVP	.342
GS	.122
GSD, GSDT, GSTOU	.120
LP, LPT	.117
PX, PXT, RTP, SBS	.115
OSI, OSII	.067
OSIII	.070

9. In developing the above-referenced conservation cost recovery factors, Gulf Power modified its methodology for apportionment of conservation costs among customer classes. Historically, Gulf has allocated the large majority of costs to each customer class based on that class's contribution to kWh sales. In Gulf's previous Demand Side Management ("DSM") plans, with the exception of energy audits, all programs passed the Rate Impact Measure ("RIM") cost-effectiveness test which meant that they put downward pressure on rates for all of Gulf's customers, regardless of whether they participated in the program(s). Gulf's historical practice of allocating the bulk of costs based on kWh sales was premised on the fact that all customer classes received the benefit of lower rates from Gulf's portfolio of RIM passing DSM programs. In Docket No. 100154-EG, the Commission approved Gulf Power's present DSM plan which includes many programs that pass the Total Resource Cost ("TRC") cost-effectiveness test; but do not pass the RIM test. This shift from RIM to TRC results in program

offerings that benefit participating customers, but put upward pressure on rates overall. In recognition of this fact, Gulf has specifically assigned expenses for non-RIM passing programs to the customer class which is eligible to participate in the program. This change in methodology is more equitable, helping to reduce subsidies among customer classes.

WHEREFORE, Gulf Power Company respectfully requests the Commission to authorize the Company to recover its un-reimbursed costs reasonably and prudently incurred in accordance with this petition and thereby approve the final conservation cost recovery true-up amounts for the period January 2010 through December 2010, the estimated conservation cost recovery true-up amounts for January 2011 through December 2011, the projected conservation cost recovery amounts for January 2012 through December 2012, and the conservation cost recovery factors, to be applied beginning with the period January 2012 through December 2012. Additionally, Gulf requests approval of the four tier RSVP factors included in Schedule C-6 to Ms. Todd's testimony to be applied in the month following the approval of the rate design change in Docket No. 110138-EI.

Dated this 12th day of September, 2011



JEFFREY A. STONE

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