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From: Rhonda Dulgar [rhonda@gbwlegal.com]
Sent: Thursday, November 03, 2011 4:05 PM
To: Filings@psc.state.fl.us
Subject: Electronic Filing - Docket No. 110138-EI
Attachments: 110138.FRF.PreliminaryIssuesList.11-3-11.pdf

a. Person responsible for this electronic filing:

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b. 110138-EI

In Re: Petition for Increase in rates by Gulf Power Company.

c. Document being filed on behalf of the Florida Retail Federation.

d. There are a total of 15 pages.

e. The document attached for electronic filing is The Florida Retail Federation's Preliminary List of Issues and Positions.

(see attached file: 110138.FRF.PreliminaryIssuesList.11-3-11.pdf)

Thank you for your attention and assistance in this matter.

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DOCUMENT NUMBER DATE

08131 NOV-3 =

FPSC-COMMISSION CLERK

11/3/2011

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in rates by Gulf Power Company.

DOCKET NO. 110138-EI

DATED: NOVEMBER 3, 2011

**THE FLORIDA RETAIL FEDERATION'S
PRELIMINARY LIST OF ISSUES AND POSITIONS**

Pursuant to the case schedule for this docket, the Florida Retail Federation hereby files its preliminary list of issues and positions.

Legal

ISSUE 1: Does Section 366.93, Florida Statutes, support Gulf's proposal to include the 4,000 acre Escambia Site and the costs of associated evaluations in Plant Held for Future Use as nuclear site selection costs?

POSITION: No.

Test Period and Forecasting

ISSUE 2: Is Gulf's projected test period of the 12 months ending December 31, 2012 appropriate?

POSITION: No position at this time.

ISSUE 3: Are Gulf's forecasts of Customers, KWH, and KW by Rate Class and Revenue Class, for the 2012 projected test year appropriate?

POSITION: No position at this time.

ISSUE 4: Are Gulf's estimated revenues from sales of electricity by rate class at present rates for the projected 2012 test year appropriate?

POSITION: No position at this time.

ISSUE 5: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the test year budget?

POSITION: No position at this time.

ISSUE 6: Is Gulf's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

DOCUMENT NUMBER - DATE

08131 NOV-3 =

FPSC-COMMISSION CLERK

POSITION: No position at this time.

Quality of Service

ISSUE 7: Is the quality and reliability of electric service provided by Gulf adequate?

POSITION: No position at this time.

Rate Base

ISSUE 8: Should the capitalized items currently approved for recovery through the Environmental Cost Recovery Clause be included in rate base for Gulf?

POSITION: No position at this time.

ISSUE 9: Should the Plant Crist Units 6 and 7 Turbine Upgrade Project be included in rate base and recovered through base rates, rather than through the Environmental Cost Recovery Clause? If so, what is the appropriate amount, if any, be included in rate base and recovered through base rates?

POSITION: The reasonable and prudent costs of the Crist Turbine Upgrade Project should be included in rate base and recovered through base rates rather than through the Environmental Cost Recovery Clause. No position at this time as to the reasonable and prudent amounts of these costs to be recovered through base rates.

ISSUE 10: Has Gulf made the appropriate adjustments to remove all non-utility activities from plant in service, accumulated depreciation and working capital?

POSITION: No position at this time.

ISSUE 11: Should the capital cost of the Perdido renewable landfill gas facility 1 and 2 be permitted in Gulf's rate base?

POSITION: No position at this time.

ISSUE 12: How much, if any, of Gulf's Incentive Compensation expenses should be included as a capitalized item in rate base?

POSITION: None.

ISSUE 13: Should Smart Grid Investment Grant Program Projects be included in Plant in Service?

POSITION: No position at this time.

ISSUE 14: What amount of Transmission Infrastructure Replacement Projects should be included in Transmission Plant in Service?

POSITION: No position at this time.

ISSUE 15: What amount of Distribution Plant in Service should be included in rate base?

POSITION: No position at this time.

ISSUE 16: Should the wireless systems that are the subject of Southern Company Services (SCS) work orders be included in rate base?

POSITION: No position at this time.

ISSUE 17: Should the SouthernLINC Charges that are the subjects of SCS work orders be included in rate base?

POSITION: No position at this time.

ISSUE 18: Is Gulf's requested level of Plant in Service in the amount of \$2,612,073,000 (\$2,668,525,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No. No position at this time as to the final amount of Plant in Service.

ISSUE 19: What are the appropriate depreciation parameters and resulting depreciation rate for AMI Meters (Account 370)?

POSITION: No position at this time.

ISSUE 20: Should a capital recovery schedule be established for non-AMI meters (Account 370)? If yes, what is the appropriate capital recovery schedule?

POSITION: No position at this time.

ISSUE 21: Is Gulf's requested level of Accumulated Depreciation in the amount of \$1,179,823,000 (\$1,207,513,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No position at this time.

ISSUE 22: Is Gulf's requested Construction Work in Progress in the amount of \$60,912,000 (\$62,617,000 system) for the 2012 projected test year appropriate?

POSITION: No. No Construction Work in Progress should be allowed in Gulf's rate base for ratemaking purposes.

ISSUE 23: Should an adjustment be made to Plant Held for Future Use for the Caryville plant site?

POSITION: No position at this time.

ISSUE 24: Should the North Escambia Nuclear County plant site and associated costs identified by Gulf be included in Plant Held for Future Use? If not, should Gulf be permitted to continue to accrue AFUDC on the site?

POSITION: No.

ISSUE 25: Is Gulf's requested level of Property Held for Future Use in the amount of \$32,233,000 (\$33,352,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No. No position at this time as to the final total amount, if any, of PHFFU to be included in rate base.

ISSUE 26: Should any adjustments be made to Gulf's fuel inventories?

POSITION: No position at this time.

ISSUE 27: Should any adjustment be made to Gulf's requested storm damage reserve, annual accrual of \$6,539,091 (\$6,800,000 system), and target level range of \$52,000,000 to \$98,000,000?

The FRF believes that this issue should be restated as "Are Gulf's requested storm damage reserve accrual of \$6,539,091 (\$6,800,000 system) and target level range of \$52,000,000 to \$98,000,000 appropriate?"

POSITION: The FRF's position on this issue as framed by the Staff is:

Yes. No position at this time as to the amount of storm damage reserve accrual to be allowed for ratemaking purposes.

ISSUE 28: Should unamortized rate case expense be included in Working Capital?

POSITION: No position at this time.

ISSUE 29: Should the net over-recovery/under-recovery of fuel, capacity, conservation, and environmental cost recovery clause expenses be included in the calculation of the working capital allowance?

POSITION: No position at this time.

ISSUE 30: Is Gulf's requested level of Working Capital in the amount of \$150,609,000 (\$155,044,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No position at this time.

ISSUE 31: Is Gulf's requested rate base in the amount of \$1,676,004,000 (\$1,712,025,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No. No position at this time as to the final amount of rate base to be allowed.

Cost of Capital

ISSUE 32: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

POSITION: No position at this time.

ISSUE 33: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

POSITION: No position at this time.

ISSUE 34: What is the appropriate cost rate for preferred stock for the 2012 projected test year?

POSITION: 6.40%.

ISSUE 35: What is the appropriate cost rate for short-term debt for the 2012 projected test year?

POSITION: 0.35%.

ISSUE 36: What is the appropriate cost rate for long-term debt for the 2012 projected test year?

POSITION: 4.98%.

ISSUE 37: What is the appropriate return on equity (ROE) to use in establishing Gulf=s revenue requirement?

POSITION: No greater than 9.25%.

ISSUE 38: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?

POSITION: 5.89% (Regulatory Capital Structure basis).

Net Operating Income

ISSUE 39: Is Gulf compensated adequately by the non-regulated affiliates for the benefits they derive from their association with Gulf Power? If not, what measures should the Commission implement?

POSITION: No position at this time.

ISSUE 40: Should an adjustment be made to increase operating revenues by \$1,500,000 for a 2 percent compensation payment from non-regulated companies?

POSITION: No position at this time.

ISSUE 41: Should an adjustment be made to increase test year revenue for Gulf's non-utility activities?

POSITION: No position at this time.

ISSUE 42: Is Gulf's projected level of Total Operating Revenues in the amount of \$481,909,000 (\$499,311,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No position at this time.

ISSUE 43: Has Gulf made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

POSITION: No position at this time.

ISSUE 44: Has Gulf made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

POSITION: No position at this time.

ISSUE 45: Has Gulf made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

POSITION: No position at this time.

ISSUE 46: Has Gulf made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

POSITION: No position at this time.

ISSUE 47: Has Gulf made the appropriate adjustments to remove all non-utility activities from net operating income?

POSITION: No position at this time.

ISSUE 48: Should adjustments be made to the expenses allocated or charged to Gulf as a result of transactions with affiliates?

POSITION: No position at this time.

ISSUE 49: Should adjustments be made to expenses to allocate SCS costs to Southern Renewable Energy?

POSITION: No position at this time.

ISSUE 50: Should adjustments be made to expenses to allocate SCS costs to Southern Power Company?

POSITION: No position at this time.

ISSUE 51: Should adjustments be made to the allocation factors used to allocate SCS costs to Gulf?

POSITION: No position at this time.

ISSUE 52: Should the Commission remove costs from the 2012 test year for costs associated with SouthernLINC?

POSITION: No position at this time.

ISSUE 53: Should the costs related to Work Order 466909, associated with a system-wide asset management system, be removed from operating expenses?

POSITION: No position at this time.

ISSUE 54: Should the costs related to Work Order 46C805, associated with Wireless Systems, be removed from operating expenses?

POSITION: No position at this time.

ISSUE 55: Did Gulf adequately document and justify the costs associated with Work Orders 46EZBL, 46IDMU, 46LRBL, 47VSES, 47VSTB, 47VSTH, 47VSZ1, and 47VSZ5? If not, should the costs related to these work orders be removed from operating expenses?

POSITION: No position at this time.

ISSUE 56: Should the costs related to Work Order 471701, associated with a Securities and Exchange Commission inquiry, be removed from operating expenses?

POSITION: No position at this time.

ISSUE 57: Should the Commission adjust operating expenses for the costs related to Work Order 473401, related to a benefit's review that does not appear to occur annually?

POSITION: No position at this time.

ISSUE 58: Should the costs related to Work Order 49SWCS, related to a customer summit that is only held every other year, be removed from operating expenses?

POSITION: No position at this time.

ISSUE 59: Should the costs related to Work Order 4Q51RC and a formerly CWIP classified Work Order 4QPA01, be removed from operating expenses?

POSITION: No position at this time.

ISSUE 60: Should operating expenses be adjusted to remove public relations expenses charged by SCS?

POSITION: No position at this time.

ISSUE 61: Should operating expenses be adjusted to remove legal expenses in Work Orders 473ECO and 473ECS charged by SCS?

POSITION: No position at this time.

ISSUE 62: Should operating expenses be adjusted to remove aircraft expenses in Work 486030 charged by SCS?

POSITION: No position at this time.

ISSUE 63: Should any adjustments be made to expenses related to use of corporate leased aircraft?

POSITION: No position at this time.

ISSUE 64: Should operating expenses be adjusted to remove investor relations expenses related to Work Order 471501 charged by SCS?

POSITION: No position at this time.

ISSUE 65: ~~Should an adjustment be made to~~ What is the appropriate amount of advertising expenses for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 66: Should interest on deferred compensation be included in operating expenses?

POSITION: No position at this time.

ISSUE 67: Should SCS Early Retirement Costs be included in operating expenses?

POSITION: No position at this time.

ISSUE 68: Should Executive Financial Planning Expenses be included in operating expenses?

POSITION: No position at this time.

ISSUE 69: Are Gulf's proposed increases to average salaries for Gulf appropriate?

POSITION: No.

ISSUE 70: Are Gulf's proposed increases in employee positions for Gulf appropriate?

POSITION: No.

ISSUE 71: How much, if any, of Gulf's proposed Incentive Compensation expenses should be included in operating expenses?

POSITION: No position at this time.

ISSUE 72: ~~Should Gulf's proposed~~ What is the appropriate amount of allowance for employee benefit expense ~~be adjusted?~~

POSITION: No position at this time.

ISSUE 73: ~~Should an adjustment be made to~~ What is the appropriate amount of Other Post Employment Benefits Expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 74: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's requested level of Salaries and Employee Benefits for the 2012 projected test year? (Fallout Issue)

POSITION: No position at this time.

ISSUE 75: ~~Should an adjustment be made to~~ What is the appropriate amount of Pension Expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 76: ~~Should an adjustment be made to~~ What is the appropriate amount of the accrual for storm damage for the 2012 projected test year?

POSITION: Yes. No position at this time as to the allowable amount of storm damage accrual.

ISSUE 77: Should an adjustment be made to remove Gulf's requested Director's & Officer's Liability Insurance expense?

POSITION: No position at this time.

ISSUE 78: ~~Should an adjustment be made to~~ What is the appropriate amount of the accrual for the Injuries & Damages reserve for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 79: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's tree trimming expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 80: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's pole inspection expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 81: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's transmission inspection expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 82: Should an adjustment be made to O&M expenses to normalize the number of scheduled outages Gulf has included in the 2012 projected test year?

POSITION: No position at this time.

ISSUE 83: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's proposed allowance for O&M expense to reflect productivity improvements, if any?

POSITION: No position at this time.

ISSUE 84: What is the appropriate amount of production plant O&M expense?

POSITION: No position at this time.

ISSUE 85: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's transmission O&M expense?

POSITION: No position at this time.

ISSUE 86: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's distribution O&M expense?

POSITION: No position at this time.

ISSUE 87: ~~Should an adjustment be made to~~ What is the appropriate amount of Gulf's office supplies and expenses for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 88: ~~Should an adjustment be made to~~ What is the appropriate amount of Rate Case Expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 89: ~~Should an adjustment be made to~~ What is the appropriate amount of uncollectible expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 90: Is Gulf's requested level of O&M Expense in the amount of \$282,731,000 (\$288,474,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No. No position at this time as to the total amount to be allowed.

ISSUE 91: What is the appropriate amount of depreciation and fossil dismantlement expense for the 2012 projected test year?

POSITION: No position at this time.

ISSUE 92: Is Gulf's requested level of Depreciation and Amortization Expense in the amount of \$87,804,000 (\$89,613,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No position at this time.

ISSUE 93: What is the appropriate amount of Taxes Other Than Income Taxes for the 2012 projected test year? (Fallout Issue)

POSITION: No position at this time.

ISSUE 94: Is it appropriate to make a parent debt adjustment per Rule 25-14.004, Florida Administrative Code?

POSITION: No position at this time.

ISSUE 95: What is the appropriate amount of Income Tax expense for the 2012 projected test year? (Fallout Issue)

POSITION: No position at this time.

ISSUE 96: Is Gulf's requested level of Total Operating Expenses in the amount of \$420,954,000 (\$432,449,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No. No position at this time as to the total amount to be allowed.

ISSUE 97: Is Gulf's projected Net Operating Income in the amount of \$60,955,000 (\$66,862,000 system) for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No position at this time.

Revenue Requirements

ISSUE 98: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for Gulf?

POSITION: No position at this time.

ISSUE 99: Is Gulf's requested annual operating revenue increase of \$93,504,000 for the 2012 projected test year appropriate? (Fallout Issue)

POSITION: No. The appropriate amount of any operating revenue increase is no greater than \$11.8 million per year.

Cost of Service and Rate Design

ISSUE 100: Should Gulf's proposal to eliminate the Interruptible Standby Service (ISS) rate schedule be approved?

POSITION: No.

ISSUE 101: Should Gulf's proposal to modify the Residential Service Variable Pricing (RSVP) rate schedule to use the Energy Conservation Cost Recovery Clause to achieve the price differentials among the pricing tiers be approved?

POSITION: No position at this time.

ISSUE 102: Should the minimum kW usage level to qualify for the GSD rate be increased from 20 kW to 25 kW?

POSITION: No position at this time.

ISSUE 103: Should Gulf's new critical peak pricing option for customers taking service on the commercial time-of-use rates GSDT and LPT be approved?

POSITION: No position at this time.

ISSUE 104: Should the minimum kW demand to qualify for the Real Time Pricing (RTP) rate schedule be reduced from 2,000 kW to 500 kW?

POSITION: No position at this time.

ISSUE 105: Should the minimum kW demand for new load to qualify for the Commercial/Industrial Service Rider (CISR) be reduced from 1,000 kW to 500 kW?

POSITION: No position at this time.

ISSUE 106: What is the appropriate cost of service methodology to be used in designing Gulf's rates?

POSITION: No position at this time.

ISSUE 107: What is the appropriate treatment of distribution costs within the cost of service study?

POSITION: No position at this time.

ISSUE 108: If a revenue increase is granted, how should it be allocated among the customer classes?

POSITION: No position at this time.

ISSUE 109: What are the appropriate customer charges and should Gulf's proposal to rename the customer charge "Base Charge" be approved?

POSITION: No position at this time.

ISSUE 110: What are the appropriate demand charges?

POSITION: No position at this time.

ISSUE 111: What are the appropriate energy charges?

POSITION: No position at this time.

ISSUE 112: What are the appropriate charges for the outdoor service (OS) lighting rate schedules?

POSITION: No position at this time.

ISSUE 113: Should Gulf's proposal to adjust annually existing lighting fixtures prices be approved?

POSITION: No.

ISSUE 114: What are the appropriate charges under the Standby and Supplementary Service (SBS) rate schedule?

POSITION: No position at this time.

ISSUE 115: What are the appropriate transformer ownership discounts?

POSITION: No position at this time.

ISSUE 116: What are the appropriate minimum monthly bill demand charges under the PX and PXT rate schedules?

POSITION: No position at this time.

Other Issues

Issue 117: Should any of the \$38,549,000 interim rate increase granted by Order No. PSC-11-0382-PCO-EI be refunded to the ratepayers?

POSITION: Yes. Tentatively, the FRF believes that the amount to be refunded is the difference between the amount of the interim rate increase granted and the amount that Gulf would have collected if it had implemented new rates to recover an annual increase in operating revenues of \$11.8 million,

Issue 118: Should Gulf be required to file, within 60 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

POSITION: Yes.

Issue 119: Should this docket be closed?

POSITION: Yes, after Gulf has filed and received approval for any new rates approved by the Commission in this docket, and after all appeals have been completed or the time for filing an appeal has expired, this docket should be closed.

Dated this 3rd day of November, 2011.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Florida Retail Federation's Preliminary List of Issues and Positions has been furnished by electronic Mail this 3rd day of November, 2011 to the following:

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