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June 22, 2015



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

RE: Docket No. 140226-EI

Dear Ms. Stauffer:

Attached is the Prehearing Statement of Gulf Power Company to be filed in the above-referenced docket. Pursuant to the Order Establishing Procedure, a copy of this Prehearing Statement prepared using Microsoft Word is being provided to Commission staff and all parties.

Sincerely,

A handwritten signature in cursive script that reads "Robert L. McGee, Jr.".

Robert L. McGee, Jr.
Regulatory and Pricing Manager

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Attachments

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Request to opt-out of cost recovery) Docket No. 140226-EG
for investor-owned electric utility energy) Date Filed: June 22, 2015
efficiency programs by Wal-Mart Stores)
East, LP and Sam's East, Inc. and Florida)
Industrial Power Users Group)

PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company, (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned attorneys, and pursuant to Order No. PSC-15-0149-PCO-EG, issued April 1, 2015, establishing the prehearing procedure in this docket, files this prehearing statement, saying:

A. APPEARANCES:

JEFFREY A. STONE, Esquire, RUSSELL A. BADDERS, Esquire
and STEVEN R. GRIFFIN, Esquire, of Beggs & Lane, P.O. Box
12950, Pensacola, FL 32591-2950
On behalf of Gulf Power Company.

B. WITNESSES: All witnesses known at this time, who may be called by Gulf Power Company, along with the subject matter and issue numbers which will be covered by the witness' testimony, are as follows:

<u>Witness</u> (Rebuttal)	<u>Subject Matter</u>	<u>Issues</u>
1. John N. Floyd ¹	Rebuttal to Witnesses Jeffrey Pollock, Kenneth Baker and Steven Chriss	1-2

¹On June 19, 2015, Gulf filed its Notice of adoption of testimony Jennifer L. Todd by John N. Floyd. See Document No. 03781-15. Mr. Floyd will therefore sponsor Ms. Todd's pre-filed testimony.

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
N/A	N/A	N/A

D. STATEMENT OF BASIC POSITION:

Gulf Power Company's Statement of Basic Position:

It is the Company's basic position that the Commission should reject Wal-Mart Stores East, LP/Sam's East, Inc.'s ("Walmart") and the Florida Industrial Power Users Group's ("FIPUG") proposals in this docket. Allowing a select group of commercial and industrial customers to "opt-out" of participating in utility-sponsored energy efficiency programs and avoid paying Energy Conservation Cost Recovery (ECCR) charges for such programs is unnecessary and inappropriate because all customers benefit from cost-effective utility-sponsored demand-side management ("DSM"). The opt-out proposals would result in a sub-set of commercial and industrial customers enjoying benefits of DSM for which they are not paying and shift program costs to the remaining body of customers. Additionally, administration of an opt-out program would introduce additional complex processes resulting in additional costs thereby further increasing costs borne by non-opt-out customers.

E. STATEMENT OF ISSUES AND POSITIONS:

ISSUE 1: Should the Commission require the utilities to separate their Energy Conservation Cost Recovery expenditures into two categories, one for Energy Efficiency programs and the other for Demand Side Management programs?

GULF: No. Virtually all of Gulf Power's programs provide both energy and demand savings. The opt-out proponents correctly recognize the benefits of implementing demand response programs but fail to recognize that cost-effective energy efficiency programs also provide benefits to participating and non-participating customers alike. (Floyd)

ISSUE 2: Should the Commission allow pro-active non-residential customers who implement their own energy efficiency programs and meet certain other criteria to opt out of the utility's Energy Efficiency programs and not be required to pay the cost recovery charges for the utility's Energy Efficiency programs approved by the Commission pursuant to Section 366.82, Florida Statutes?

GULF: No. Cost-effective demand-side management benefits all customers; therefore all customers should share in the costs of such programs. Allowing select customers to opt-out of utility energy efficiency programs would add administrative costs to implementing the DSM Plan, result in complex new procedures and impact the entire Florida Energy Efficiency Conservation Act process from goal setting to annual reporting. (Floyd)

ISSUE 3: If the Commission allows pro-active customers to opt out of participating in, and paying for, a utility's Energy Efficiency's programs, what criteria should the Commission apply in determining whether customers who wish to opt out are eligible to do so.

GULF: The Commission should apply criteria to ensure that the utility and the non-opt-out customers are not harmed by the customers that elect to opt out. Considerations could include allowing utilities to adjust their DSM goals based on lost energy savings, requiring that incremental administrative costs associated with the opt-out program to be borne by the cost-causers and ensuring that non-opt-out customers are not required to bear additional expense.

F. STIPULATED ISSUES:

GULF: Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

G. PENDING MOTIONS:

GULF: None.

H. PENDING CONFIDENTIALITY REQUEST:

GULF: None.

I. OTHER MATTERS:

GULF: To the best knowledge of counsel, Gulf has complied, or is able to comply, with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearings set for July 22-23, 2015, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 22th day of June, 2015.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Request to opt-out of cost recovery for investor-owned electric utility energy efficiency programs by Wal-Mart Stores East, LP and Sam's East, Inc. and Florida Industrial Power Users Group.**)
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Docket No.: **140226-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 22nd day of June, 2015 to the following:

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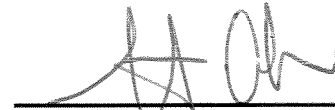
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