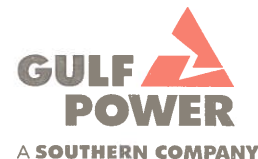


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January 14, 2016

Ms. Carlotta Stauffer
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0868

Re: Docket No. 150210-EI – Gulf Power Company’s Petition for Approval of
Depreciation Class and Rates for Electric Vehicle Charging Infrastructure

Dear Ms. Stauffer:

Attached is Gulf Power Company’s response to Staff’s Second Data Request in
the above-referenced docket.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." The signature is fluid and cursive.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

Attachments

cc w/att.: Beggs and Lane
Jeffrey A. Stone, Esquire
Division of Economics
Jenny Wu
Office of General Counsel
Danijela Janjic

10. In Gulf's response to Staff's First Data Request 1b, how did Gulf Power generate a projection of 300 ESVE units installed by 2020? Please explain in detail.

RESPONSE:

Gulf prefaces its response to Staff's data request with the following comments. Pursuant to the requirements of Rule 25-6.0436, F.A.C., Gulf is seeking nothing more than a depreciation rate for a new class of assets in the instant docket. Gulf is not seeking approval of an electric vehicle charging program, a prudence determination of such program, or the recovery of related costs at this time. Gulf has made a measured attempt to be responsive to Staff's thoughtful inquiries pertaining to its electric vehicle charging plans but the design of Gulf's EV charging infrastructure program is still under development, preliminary in nature and may vary depending upon circumstances and application. Gulf would expect to provide support for its EV charging infrastructure implementation activities and answer detailed questions about such program at the time it seeks recovery of costs. Gulf needs an approved depreciation rate and authority to record a new class of asset in order to properly account for potential new investment. Knowledge of a Commission-approved depreciation rate will better inform Gulf on assumptions needed to perform analyses necessary to complete the development of any future program offering. Gulf petitioned the Commission because it has been approached by federal government agencies and commercial entities in its service area requesting solutions for public EV charging needs. The resolution of Gulf's request is necessary for Gulf to continue working with its customers on developing solutions to meet their needs. It is important to note that Gulf currently intends to select and utilize third-party private vendors through a competitive bidding process to install, operate and maintain the electric vehicle charging infrastructure and to transact directly with electric vehicle drivers in Gulf's service area under the authority granted by Section 366.94, Florida Statutes.

Gulf utilized multiple data sources and combined information to estimate needed charging infrastructure. Gulf receives forecasted Plug-in Electric Vehicle (PEV) market penetration scenarios annually from the Electric Power Research Institute (EPRI). This data from EPRI estimates the market size for PEVs. In addition, Gulf used available industry data and data available from The EV Project¹ to estimate an attachment rate for Gulf's service area. An attachment rate is the percentage of charging infrastructure

¹ The EV Project is the largest deployment of electric vehicles and electric vehicle charging infrastructure to date. The purpose of the EV Project is to build and study mature EV charging infrastructure in 9 U.S. regions, in 16 cities, and on interstate corridors through a \$230 million project funded by U.S. Department of Energy (DOE) Vehicle Technologies Program as part of the American Recovery and Reinvestment Act. Further detail and results of the EV Project are available through Idaho National Labs: <http://avt.inl.gov/evproject.shtml>

available to the number of PEVs able to utilize the charging infrastructure. For example, if the attachment rate for public infrastructure is 5 percent, then for every 20 PEVs on the road, 1 public charging station is needed to support their public charging needs. Combining the attachment rate and EPRI vehicle projections, Gulf was able to roughly estimate that 300 electric vehicle supply equipment (EVSE) units would be needed by 2020 to support EPRI's most conservative projection of plug-in electric vehicles.

11. Gulf's response to Staff's First Data Request No. 9 indicates Gulf has identified the lack of charging infrastructure as a barrier to customer adoption in forums discussing electric vehicles. Has Gulf measurably tested government and commercial interest in installing and/or using the EV charging infrastructure, via surveys, consultations with officials/commercial customers, etc.? If so, please provide all resulting data and explain the measurement process.

RESPONSE:

Gulf has discussed charging infrastructure availability with large commercial customers and federal government agencies. These customers have expressed interest in EV charging and have noted the lack of publicly available charging infrastructure as a barrier to adoption of PEVs.

In a 2015 employee survey, Gulf employees were asked a series of questions about PEV ownership and infrastructure. When asked to rank the importance of public charging infrastructure, more than half of respondents indicated that access to charging infrastructure is important or very important to their purchasing a PEV.

Furthermore, in forums discussing PEVs, Gulf's customers frequently identify the lack of charging infrastructure as an impediment to EV adoption. Gulf has analyzed these sources and decided that Gulf sees the installation of EV charging as a customer need and is considering ways to address the need.

12. What promotional plan does Gulf anticipate using to ensure that the EV program is a success?

RESPONSE:

Gulf Power will implement an electric transportation education and outreach program to accelerate customer adoption of Electric Transportation (ET) technologies. This education and outreach effort will expand drivers' understanding of ownership and operating costs of ET technology and how those costs compare to a fossil-fuel powered vehicle.

13. What steps does Gulf intend to take to launch the EV Program assuming it is granted Commission approval of a depreciation rate? Please include an estimated timeline.

RESPONSE:

In addition to gaining the Commission's approval of a new depreciation class and rate for electric vehicle charging infrastructure, Gulf must finalize program(s) details, negotiate vendor contract(s), select charging station host sites, obtain charging station site-access agreements, and deploy public charging infrastructure. While Gulf anticipates that most of these activities can be completed by year-end 2016, the deployment of public charging infrastructure is a multi-year effort that Gulf anticipates taking place over the next five years.

14. In regard to Gulf's response to Staff's First Data Request No. 2d, what are the usual types of the vendors of EV charging infrastructure Gulf is now seeking as partners (i.e. utilities, commercial customers, governmental entities, etc.)?

RESPONSE:

Gulf is seeking vendor partners for the deployment of EVSEs in public locations across Gulf's service area. Gulf is seeking partners in three segments of the EV charging business: Network Operation and Equipment Procurement, Installation, and Maintenance. Gulf will select a partner to procure EVSE units and operate the equipment and communication network. This partner will have capabilities to track overall on-site system usage and health, allow for reservation of EVSEs, allow for notifications (charge interruption, charge complete, etc.), track kWh usage by user per year, process payments by session, time, or kWh usage, and data analytics including online reporting capabilities. Gulf's installation partner(s) will be licensed electricians selected competitively on a site-specific basis. This partner will install EVSEs at sites selected to host Gulf's public charging infrastructure. Gulf's maintenance partner(s) will be licensed electricians selected competitively and can be selected in conjunction with Gulf's network operation and equipment procurement partner. This partner will maintain the public charging infrastructure on a regular basis.

In addition to these partners, Gulf will seek site-hosts for public charging infrastructure based on location specific needs.

15. Considering the analysis provided in response to Staff's First Data Request 8a, Attachment A, regarding low participation rates of the Energy Select Electric Vehicle Pilot, on what basis does Gulf anticipate its future EV Program for which it now seeks depreciation rates having a successful subscription?

RESPONSE:

The low customer participation rates in the Gulf Power Energy Select Electric Vehicle Pilot can primarily be attributed to the absence of incentives for leased vehicles. Due to the rapid advancements in PEV technology, consumers are choosing to lease PEVs more often than purchasing them. Gulf anticipates participation in its future EV Program will have successful subscription, because Gulf will include leased vehicles in its incentive program. Additionally, Gulf's deployment of public charging infrastructure will address customer needs as discussed in Gulf's response to Item No. 11 and also reduce barriers to PEV adoption.

16. Please refer to Gulf's response to Staff's First Data Request No. 7, Gulf Power's Rate Schedule GS, 25th Revised Sheet No. 6.5, and Gulf Power's Rate Schedule GSD, 24th Revised Sheet No. 6.7. The Applicability Section of the rate schedule states, "Service to two or more premises shall not be combined nor shall service furnished hereunder be shared with or resold to others", yet the response indicates that Gulf's EV charging network will be publicly available, customers will be billed under the existing GS and GSD Rate Schedules, and Gulf intends to seek recovery of the infrastructure costs through base rates.
- a. Will the EV Program involve the resale or sharing of electricity?
 - b. If so, does the EV Program require a modified GS Rate Schedule or GSD Rate Schedule?
 - c. Are there any terms or conditions specific to the EV Program not contemplated in the existing GS Rate Schedule or GSD Rate Schedule, such as vendor installation, usage, liability for equipment behind the meter, etc.?
 - d. How will Gulf's GS and GSD customers (third-party network operators) bill their customers (the recipient of the charging services, i.e. plug-in EV drivers) for the electricity consumed?
 - e. How does Gulf ensure that its customers (third-party network operators) do not over-charge their customers – the end users (i.e. the EV drivers) of the EV charging infrastructure?
 - f. When does Gulf intend to seek recovery of EV charging infrastructure costs through base rates, and does Gulf intend to do so before implementing the EV Program?
 - g. From what customer rate class(es) will the recovery of costs of the EV charging infrastructure be sought.

RESPONSE:

- a. No. Pursuant to Section 366.94, Florida Statutes, the provision of electric vehicle charging to the public by the third-party network operator, a nonutility, is not the retail sale of electricity.
- b. Not Applicable.
- c. No.
- d. The specific details of how the third-party network operator will bill their customers are not known at this time; however, this will be regulated by the Department of Agriculture and Consumer Services.

- e. Pursuant to Section 366.94, Florida Statutes, Gulf envisions the third-party network operator will have authority to charge market-based rates subject to the rules and regulations of the Department of Agriculture and Consumer Services.
- f. Gulf intends to seek recovery of the EV charging infrastructure in its next base rate proceeding. The timing of this proceeding is not known at this time; however, Gulf plans to begin deploying EV charging infrastructure in 2016.
- g. The allocation of EV charging infrastructure costs to customer rate class(es) will depend on the program design, which has not been finalized.

17. How does Gulf envision that its customers of record will meter (i.e. apportionment, sub-metering, etc.) and bill for the service provided by its EV Program?

RESPONSE:

As stated in Gulf's response to Item No. 16(e), Gulf envisions the third-party network operator will have the authority to operate the EVSE and communication equipment based on market conditions subject to the rules and regulations set forth by the Department of Agriculture and Consumer Services.

18. How does Gulf plan to inform its EV Program's "customers of record" of the metering and billing requirements contained in Rule 25-6.049(9)(a) and (b), F.A.C.?

RESPONSE:

Gulf intends to own and meter the EV charging stations and bill the third-party vendor rates and charges as set forth in the appropriate rate schedule in Gulf's Retail Tariff. Pursuant to Section 366.94(1), Florida Statutes the vendor or "customer of record" is a nonutility and therefore regulated by the Department of Agriculture and Consumer Services. Therefore, Rule 25-6.049(a) and (b) do not apply.

19. Does Gulf envision that the EV program will require, in the future, the modification or change of Rule 25-6.049, F.A.C.?

RESPONSE:

No.