

DEPARTMENT OF THE AIR FORCE HEADQUARTERS AIR FORCE LEGAL OPERATIONS AGENCY



FILED FEB 22, 2017 DOCUMENT NO. 02144-17 FPSC - COMMISSION CLERK

22 February, 2017

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

Re: Docket Nos. 160186-EI and 160170-EI

Dear Ms. Stauffer:

Enclosed for filing on behalf of Federal Executive Agencies ("FEA") is a page of Issues 83 through Issues 87, which were unintentionally omitted in the filed prehearing statement in the above-referenced docket, submitted by electronic mail on 21 February, 2017, PSC document number 02107-17.

If you should have any question about this filing, please do not hesitate to contact me.

Sincerely,

/s/ Thomas A. Jernigan Thomas A. Jernigan AFCEC/JA-ULFSC 139 Barnes Drive, Suite 1 Tyndall AFB, FL 32403 <u>Thomas.Jernigan.3@us.af.mil</u> (850) 283-6663 Counsel for FEA

Enclosure cc: Counsel for Parties of Record (w/enc)

BREAKING BARRIERS...SINCE 1947

Cost of Service and Rate Design

ISSUE 83: Is Gulf's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

FEA: FEA has found no reason at this time to oppose the Company's proposed jurisdictional separate of costs and revenues. Sponsoring witness: Amanda M. Alderson

<u>ISSUE 84</u>: What is the appropriate treatment of production costs within the cost of service study?

FEA: FEA finds the Company's proposed 12 CP & 1/13th allocation method illogical and not tied to the Company's production capacity planning metrics. FEA proposes an allocation method using a 100% demand method, based either on the 4 summer CP or 4 summer / 1 winter CP. FEA also finds unexplained inconsistencies between the class demands used to develop the Company's production cost allocation factors and those demands provided in the Gulf Power 2015 Cost of Service Load Research Study filed in 2016. Sponsoring witness: Amanda M. Alderson

ISSUE 85: What is the appropriate treatment of transmission costs within the cost of service study?

FEA: FEA has found no reason at this time to oppose the Company's proposed transmission cost allocation method. Sponsoring witness: Amanda M. Alderson

ISSUE 86: What is the appropriate treatment of distribution costs within the cost of service study?

FEA: FEA supports the Company's use of the Minimum Distribution Study method for functionalizing distribution costs. Sponsoring witness: Amanda M. Alderson

ISSUE 87: How should any change in the revenue requirement approved by the Commission be allocated among the customer classes?

FEA: FEA proposes, due to the questions surrounding the production cost allocators in the Company's cost of service study that the revenue increase allocated to customer classes be done on a more equal basis than that proposed by the Company. Specifically, FEA proposes no class receive greater than a 1.1 times the system average increase in base rate revenue. Sponsoring witness: Amanda M. Alderson

CERTIFICATE OF SERVICE Docket Nos. 16-0186-EI, 16-0170-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished

by electronic mail and/or U.S. mail this 22nd day of February, 2017 to the following:

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Dated this 22nd day of February, 2017.

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