



Gulf Power®

March 14, 2019

Mr. Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Re: Docket No. 20180143-EI – Petition to initiate rulemaking to revise and amend portions of Rule 25-6.0426, F.A.C., Recovery of Economic Development of Expenses, by Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company

Dear Mr. Teitzman:

Attached for electronic filing is Gulf Power Company's response to Staff's First Data Request in Docket 20180143-EI.

Sincerely,

C. Shane Boyett
Regulatory Issues Manager

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Attachments

cc: Gulf Power Company
Russell Badders, Esq., VP & Associate General Counsel
Beggs & Lane
Florida Public Service Commission
Sevini Guffey, Division of Economics

1. Does the utility anticipate any adverse impacts to Florida's small businesses (as defined by Section 288.703, F.S.)? If there would be adverse impacts to small businesses, what would they be? Please discuss.

RESPONSE:

The Company does not anticipate that implementation of the subject rule amendments would adversely impact Florida's small businesses. In fact, the Company believes that small businesses, and other customers, will be benefitted by the rule amendments. Although the subject rule amendments would result in modest increases, over time, in utility economic development expenditures, the Company believes that the benefits associated with such expenditures, both for new and existing businesses, will far outweigh the costs. Customers will see no rate increases as a result in the rule amendments between rate cases. Moreover, it is anticipated that the electric revenue increases associated with enhanced economic development will place downward pressure on electric rates for all customers. These revenue increases allow for long-term fixed costs to be spread over a larger customer base, thereby benefitting existing customers.

2. Does the utility anticipate any adverse impacts over \$1 million in the aggregate within five years of its implementation in Florida's economic growth, private sector job creation, and private sector investment? Please discuss.

RESPONSE:

No. Florida's economy is growing at steady rate and is expected to continue to grow over the next several years. This growth can be attributed to Florida's business climate that offer companies low taxes, excellent workforce, quality of life and predictability. Gulf anticipates that the rule amendments will enable it to develop programs to enhance workforce readiness, increase national and international awareness and branding, and certify new commercial/industrial sites.

These programs would enhance Florida's ability to attract and retain new and existing businesses, with an aim toward increasing economic growth, private sector job creation and private sector investment, while also placing downward pressure on rates for all customers.

3. Does the utility anticipate any adverse impacts over \$1 million in the aggregate within five years of its implementation in Florida's business competitiveness (including the ability of persons doing business in other states or domestic markets), productivity, and innovation? Please discuss.

RESPONSE:

No. For reasons previously stated in response to Items 1 and 2, Gulf Power believes that the subject rule amendments will result in positive impacts in terms of business competitiveness, productivity and innovation.

4. Does the utility anticipate any effect on state and local government revenues?

RESPONSE:

Gulf Power does not anticipate any negative effect on state and local government revenues. Gulf Power believes that as the Florida economy grows through economic development activities, that state and local tax revenues should likewise grow. In addition, as new and expanding customers continue to grow in Florida, franchise fee revenues remitted to local governments should also increase.

5. Please provide an analysis of economic impacts on small businesses, small counties, and small cities.

RESPONSE:

Gulf Power's economic development initiatives are intended for the ultimate benefit of all customers, regardless of class and size. The Company has not developed a formal analysis of economic impacts of the subject rule amendments and doing so would be difficult given the nature of economic development in general. As noted in response to Items 7 and 8 below, the bill impacts to customers are relatively modest in and of themselves. And, this does not take into account the benefits of economic development in terms of jobs, increased tax revenues, downward pressure on rates, and overall quality of life. For reasons previously articulated above, Gulf Power believes that the subject rule amendments will ultimately work to the benefit of small businesses, small counties and small cities.

6. Please provide and discuss any other economic benefits or costs of staff's draft rule changes regarding the recovery of economic development expenses which the Commission may find useful.

RESPONSE:

Gulf has no additional commentary aside from commentary provided in response to previous questions.

Gulf Power appreciates the Commission's and its Staff's efforts in considering how to revise the rules regarding the recovery of economic development expenses.

7. Please provide the bill impact of staff's draft rule change on a residential customer using 1,000 kWh per month.

RESPONSE:

Gulf Power estimates the bill impact of Staff's draft rule change for a residential customer using 1,000 kWh per month to be \$0.24, assuming the Company incurs \$5 million of economic development expenses. However, customers will experience no bill impacts from the rule change between base rate proceedings. Gulf Power is presently operating under a base rate Stipulation and Settlement Agreement approved in Docket No. 20160186-EI.

8. Please provide the bill impact of staff's draft rule change on a small commercial customer (on a GS rate schedule) using 1,500 kWh per month.

RESPONSE:

Gulf Power estimates the bill impact of Staff's draft rule change for a small commercial customer using 1,500 kWh per month to be \$0.36, assuming the Company incurs \$5 million of economic development expenses. However, customers will experience no bill impacts from the rule change between base rate proceedings. Gulf Power is presently operating under a base rate Stipulation and Settlement Agreement approved in Docket No. 20160186-EI.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition to initiate rulemaking to revise and)
amend portions of Rule 25-6.0426, F.A.C.,)
Recovery of Economic Development Expenses,))
by Florida Power & Light Company, Gulf)
Power Company, and Tampa Electric Company)

Docket No.: 20180143-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by electronic mail this 14th day of March, 2019 to the following:

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