



Gulf Power®

September 10, 2019

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

Re: Docket No. 20190131-EU – Proposed adoption of Rule 25-6.030, F.A.C., Storm Protection Plan and Rule 25-6.031, F.A.C., Storm Protection Plan Cost Recovery Clause

Dear Mr. Teitzman:

Attached for electronic filing is Gulf Power Company's response to Staff's First Data Request in Docket 20190131-EU.

Sincerely,

C. Shane Boyett

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Regulatory, Forecasting and Pricing 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. Commission Rule 25-6.030, Storm Protection Plan, F.A.C., is being proposed to implement enacted Section 366.96, Florida Statutes (F.S.). In accordance with the statute and the attached staff draft rule, utilities are required to file an updated Storm Protection Plan at least every three years.
 - a) Please explain whether or not you anticipate that the new statutory and Commission rule requirement will result in a need by your company to perform additional analyses, system reprogramming, or to make other business process changes to prepare for submission with the Commission the first Storm Protection Plan.
 - b) If the answer to 1a is affirmative, please describe the additional work that will be conducted.
 - c) Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answer to 1b.

Responses:

- a) Based on Staff's draft rule as proposed, Gulf anticipates additional analyses and business process changes will be needed to prepare the initial Storm Protection Plan.
- b) Gulf is still evaluating the scope of the additional work that will need to be performed. Based on the current proposed rule, Gulf expects the additional work could include:
 - 1) business analyses of how the proposed SPP programs will reduce restoration costs, reduce outage times, and increase reliability,
 - 2) determination of project-specific start and completion dates;
 - 3) determination and analysis of SPP program costs and benefits,
 - 4) analyses to determine prioritization of projects;
 - 5) determination of proposed vegetation management activities in first three years of the plan; and
 - 6) estimation of rate impacts to customers.This list is not all-encompassing but is intended to provide some examples in response to the proposed rule.
- c) Gulf is unable to provide an estimate of the incremental costs at this time. However, Gulf believes that if the Storm Hardening Plan Rule (25-6.0432, F.A.C.) is repealed, the current resources used to prepare the Storm Hardening Plan will be these same resources used to prepare the Storm Protection Plan; therefore, incremental costs are expected to be minimal. Because the rule is not final, Gulf has not yet been able to determine whether additional resources will be needed to meet the Storm Protection Plan requirement.

2. **Commission Rule 25-6.031, Storm Protection Plan Cost Recovery Clause, F.A.C., is being proposed to implement newly enacted Section 366.96, Florida Statutes (F.S.). In accordance with the statute and the staff draft rule, utilities may petition for recovery of Commission-approved transmission and distribution storm protection plan costs through the Storm Protection Plan Cost Recovery Clause.**
 - a) **Please explain whether or not you anticipate participating in the annual Storm Protection Plan Cost Recovery Clause hearings.**
 - b) **If the answer to 2a is affirmative, please describe the additional work that will be conducted to file annual petitions for recovery of storm protection plan costs and associated cost recovery factors.**
 - c) **Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answer to 2b.**

Response:

- a) Yes, Gulf intends to participate in the annual Storm Protection Plan Cost Recovery Clause hearings.
- b) The additional work would include the development of testimony and exhibits supporting annual cost details for the SPP, preparation of potential discovery responses and/or additional filing requirements as directed by the Commission.
- c) Gulf is unable to provide an estimate of incremental costs at this time, as the rule is not yet final, and its evaluations are still underway. Based on what we know today, Gulf anticipates it will be able to meet these needs with existing resources and with minimal incremental costs.

3. Please explain whether or not you anticipate that the billing of new storm protection cost recovery factors will result in the need by your company to perform any system reprogramming and provide an estimate of the additional cost to your company to bill a new factor per year for the next five years if the storm protection cost recovery clause is incorporated on customers' bills in the non-fuel energy charge.

Response: The addition of a new storm protection cost recovery factor would result in the need for Gulf Power to add the functionality for the new clause factor to the billing system and to update the factor on an annual basis. Based on the information the Company has at this time, Gulf estimates it would cost no more than \$200,000 over the entire five-year period.

4. Please discuss any economic impacts to the utility and its customers that may occur as a result of Section 366.96, F.S. and attached draft rules 25-6.030 and 25-6.031, F.A.C.

Response: Until the rules are final, Gulf cannot estimate the financial impact at this time. The purpose of the Storm Protection Plan is to encourage utilities to invest in storm protection measures with the overall goal of reducing restoration costs, outage times and improve reliability. The financial impact to customers and the utility is dependent on the Storm Protection Plan approved by the Commission for each utility.