State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA 32399-0850

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DATE:	May 26, 2016		HISSI	6 AMI	A CT
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FROM:	Division of Economics (Guffey) SKG Division of Economics (Guffey) SKG Division of Economics (Guffey) SKG Division of Economics (Brownless) Amount of the General Counsel (Brownless) Amount of the Gen				
RE:	Docket No. 160090-EI – Petition for limited extension of experimental large business incentive rate rider, medium business incentive rate rider, and small business incentive rate rider, by Gulf Power Company.				
AGENDA: 06/09/16 – Regular Agenda – Tariff Filing – Interested Persons May Participate			ate		
COMMISSIONERS ASSIGNED:		All Commissioners			
PREHEARING OFFICER:		Administrative			
CRITICAL DATES:		60 Day Suspension Date: June 18, 2016			
SPECIAL INSTRUCTIONS:		None			

FILED MAY 26, 2016

DOCUMENT NO. 03214-16 FPSC - COMMISSION CLERK

Case Background

On April 18, 2016, Gulf Power Company (Gulf or company) filed a petition requesting a limited extension of the company's experimental Large Business Incentive Rate Rider (LBIR), Medium Business Incentive Rate Rider (MBIR), and Small Business Incentive Rate Rider (SBIR), collectively referred to as the riders. The riders were introduced in the Stipulation and Settlement Agreement that the Commission approved during Gulf's 2013 base rate proceeding as a three-year pilot program (January 1, 2014 through December 31, 2016).¹ The riders, which require a five-year electric service contract, provide base rate credits for new businesses that meet certain requirements such as minimum size, job creation, and verification that the availability of the riders are a significant factor in the customer's location or expansion decision.

¹ Order No. PSC-13-0670-S-EI, issued December 19, 2013, in Docket No. 130140-EI, *In Re: Petition for rate increase by Gulf Power Company.*

Docket No. 160090-EI Date: May 26, 2016

Staff issued one data request to Gulf on April 26, 2016, for which responses were received on May 10, 2016. After reviewing the responses, staff requested the company's employment verification form referenced in a response which was filed in the docket on May 16, 2016. The tariff pages with proposed changes are contained in Attachment A of this recommendation. The Commission has jurisdiction over this matter pursuant to Sections 288.035 and 366.06, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve Gulf's petition for an extension of its business incentive rate riders until December 31, 2017?

Recommendation: Yes, the Commission should approve Gulf's petition for an extension of its business incentive rate riders until December 31, 2017. (Guffey)

Staff Analysis: The business incentive rate riders are designed to attract new commercial and industrial customers to Gulf's service territory, and foster economic growth. The riders offer base rate electric price incentives over a four-year period for new or expanding businesses that meet certain electric load, and job creation requirements. The LBIR also requires new capital investment of at least \$1 million. As shown in Table 1-1, the three riders require that the customers hire and maintain the following number of full-time employees within one year of receiving power service at the qualified delivery point.

Required Full Time Employees		
Riders	kW Load	Number of Full Time Employees
SBIR	200 to 349	10
MBIR	350 to 999	25
LBIR	1,000 kW or greater	25 FTEs per 1,000 kW of qualifying load

Table 1-1					
Required	Full	Time	Em	ploy	/ees

Source: Tariff Sheet Nos. 6.93, 6.95, 6.97.

To take service under the riders, the customers must agree to a minimum five-year service agreement and submit documentation verifying the current number of full-time employees. The rider customers are required to annually complete an employment verification form before receiving additional year credits. Table 1-2 illustrates the credits that will be applied to base demand and energy charges.

Percentage Reduction in Base Demand & Energy Charges			
Year	SBIR	MBIR	LBIR
1	20%	40%	60%
2	15%	30%	45%
3	10%	20%	30%
4	5%	10%	15%
5	0%	0%	0%

Table 1.2

Source: Tariff Sheet Nos. 6.93, 6.95, 6.97.

Gulf stated in its response to staff discovery that since its approval the program has attracted two retail establishments that started service under the riders in 2015. This new load resulted in approximately \$75,735 in incremental base revenue and the addition of 79 employees in Gulf's service territory. The discount amount associated with the new load to date is \$9,513.

Gulf explained in its petition that it has received commitments from one new and one expanding customer with a possibility of adding 5,300 new jobs and approximately 4.5 megawatts (MW) of new load. The availability of the riders was a significant factor for the customers' decisions to take service from Gulf. The customers have commenced initial construction work but do not anticipate completion of construction and taking service prior to the expiration of the current riders on December 31, 2016. The company is also actively negotiating with four potential customers to relocate/expand. If successful, Gulf stated they will add over 2,000 jobs and will have a new load demand of 25 MW.

If Gulf's petition is approved, Gulf would make a request to the Commission on or before December 31, 2017 to: (1) continue the riders in their existing form; (2) continue the riders with modifications based on lessons learned; or (3) discontinue the riders in their entirety. Staff notes that the Commission recently approved Tampa Electric Company's petition in Docket No. 160059-EI to extend its economic development rider on a permanent basis. In response to staff inquiry, Gulf explained that the company wishes to continue the pilot program for another year to collect additional information before making a decision on the future of the riders.

The riders appear to be successful in attracting new load and incremental base revenues to Gulf's service territory, which benefits the general body of ratepayers. Therefore, staff recommends that the Commission should approve Gulf's petition for an extension of its business incentive rate riders until December 31, 2017.

Docket No. 160090-EI Date: May 26, 2016

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Brownless)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

GULF ASOUTHERN COMPANY	Section No. VI First Revised Original Sheet No. 6.92 Canceling Original Sheet No. 6.92			
	PAGE EFFECTIVE DATE 1 of 2 January 1, 2014			
Rate Rider LBIR Experimental Rate Rider Large Business Incentive Ride (Optional Rider)	r			
AVAIL	ABILITY:			
This Rate Rider is available to all Customers wi load and employment requirements.	thin Gulf Power's service area who meet qualifying			
	The qualifying load and employment requirements under this Rider must be achieved at the same delivery point. Additional metering equipment may be required for service under this Rider.			
APPLIC	CABILITY:			
the rate under which the Customer takes service billing will be credited by the incentive speci service pursuant to this Rider. New Load is the after the effective date of this Rider but not la that the Company determines that the subscription	e rates specified below. All terms and conditions of ice remain applicable, except that the Customer's fied below beginning with the commencement of nat which is added via connection of initial service ter than December 31, 20167 or such earlier date tion limit of 100 MW has been reached for all New union Riders, SBIR and MBIR. This Rider does not isting delivery points.			
	Rate Schedules LP, LPT, PX, PXT or RTP. If a f Service under this Rider, the successor Customer tract under this Rider.			
	e.			
ISSUED BY: S. W. Connally, Jr.				

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(continued from Rate Rider LBIR, Sheet N: 6.23) (continued from Rate Rider In base demand and base energy charges (continued from Rate Rider In base demand and base energy charges (continued from Rate Rider In base demand and base energy charges (continued from Rate Rider In base demand and base energy charges (continued from Rate Rider In base demand and base energy charges (continued from Rate Rider In base demand and base energy charges (continued from Rate Rider Instead from Rate Rider			
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 (1) Qualifying load must be at least 1,000 kW, as determined by the Company. (2) The Customer must provide audit documentation by the Florida Department of Economic Opportunity proving the hiring of 25 full-time employees per 1,000 kW of qualifying load. (3) The Customer must demonstrate new capital investment of at least \$1,000,000. (4) The Customer must provide an affidavit verifying that the availability of this Rate Rider is a significant factor in the Customer's decision to request service from Gulf Power Company. TERM: Service under this Rate Rider requires a Contract for Electric Service that includes a minimum five-year term. Service under this Rate Rider will terminate at the end of the contract term. During the term of service under this Rate Rider, the Customer may elect to change to an applicable rate to which Rate Rider LBIR does not apply so long as the Customer commits to take service under the newly selected rate for the unexpired duration of the term of the original Contract for Electric Service. The Company may terminate service onder this Rider at any time If the Customer fails to comply with the terms and conditions of this Rider. Failure to: (1) maintain that level of employment specified in this Rider may be considered grounds for termination. Service under this Rider is subject to the Rules and Regulations of the Company and the Florida Public Service Commission.	 Year 2 ~ 45% reduction in base demand and base Year 3 - 30% reduction in base demand and base Year 4 - 15% reduction in base demand and base 	energy charges energy charges energy charges	
 (2) The Customer must provide audit documentation by the Florida Department of Economic Opportunity proving the hiring of 25 full-time employees per 1,000 kW of qualitying load. (3) The Customer must demonstrate new capital investment of at least \$1,000,000. (4) The Customer must provide an affidavit verifying that the availability of this Rate Rider is a significant factor in the Customer's decision to request service from Gulf Power Company. TERM: Service under this Rate Rider requires a Contract for Electric Service that includes a minimum five-year term. Service under this Rider will terminate at the end of the contract term. During the term of service under this Rate Rider, the Customer may elect to change to an applicable rate to which Rate Rider LBIR does not apply so long as the Customer commits to take service under the newly selected rate for the unexpired duration of the term of the original Contract for Electric Service. The Company may terminate service under this Rider at any time if the Customer fails to complany with the terms and conditions of this Rider. Failure to: (1) maintain that level of employment specified in this Rider and/or (2) purchase from the Company the amount of load specified in this Rider may be considered grounds for termination. 	Qualifying Londs:		
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Public Service Commission.	applicable rate to which Rate Rider LBIR does not apply so long as the Customer commits to take service under the newly selected rate for the unexpired duration of the term of the original Contract for Electric Service. The Company may terminate service under this Rider at any time if the Customer fails to comply with the terms and conditions of this Rider. Failure to: (1) maintain that level of employment specified in this Rider and/or (2) purchase from the Company the		
ISSUED BY: S. W. Connaily, Jr.		ations of the Company and the Florida	
	ISSUED BY: S. W. Connally, Jr.		

	GULF POWER	Section No. VI First Revised Original Sheet No. 6.94 Canceling Original Sheet No. 6.94		
t		PAGE EFFECTIVE DATE 1 of 2 January 1, 2014		
	Rate Rider MBIR Experimental Rate Rider Medium Business Incentive Rid (Optional Rider)	der		
I	AVAIL	ABILITY:		
	This Rate Rider is available to all Customers wit load and employment requirements.	thin Gulf Power's service area who meet qualifying		
	The qualifying load and employment requirements under this Rider must be achieved at the same delivery point. Additional metering equipment may be required for service under this Rider.			
	APPLICABILITY:			
	Applicable to New Load as a Rate Rider to the rates specified below. All terms and conditions of the rate under which the Customer takes service remain applicable, except that the Customer's billing will be credited by the incentive specified below beginning with the commencement of service pursuant to this Rider. New Load is that which is added via connection of initial service after the effective date of this Rider but not later than December 31, 20176 or such earlier date that the Company determines that the subscription limit of 100 MW has been reached for all New Load under this Rider together with the companion Riders, SBIR and LBIR. This Rider does not apply to provision of electric service through existing delivery points.			
		Rate Schedules GSD, GSDT, GSTOU, LP, LPT, occurs during the Term of Service under this Rider, ill the balance of the Contract under this Rider.		
	ISSUED BY: S. W. Connally, Jr.			

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	Section No. VI Original Sheet No. 5.95		
	PAGE IPPECTIVE DATE. 2 of 2 January 4, 2014		
(Continued from Rate Rider MBIR, Sheet No.	6.94)		
INCE	ENTIVES:		
Subject to compliance with the terms and con the base demand charges and base energy of	nditions hereof, the following credits will be applied to charges of the Customer's applicable rate schedule:		
 Year 1 – 40% reduction in base demand and base energy charges Year 2 – 30% reduction in base demand and base energy charges Year 3 – 20% reduction in base demand and base energy charges Year 4 – 10% reduction in base demand and base energy charges Year 5 – 0% reduction in base demand and base energy charges 			
Qualifying Loads:			
(2) The Customer must provide Economic Opportunity proving (3) The Customer must provide	ast 350 kW, as determined by the Company. sudit documentation by the Fiorida Department of g the hiring of 25 full-time employees. an affidavit verifying that the availability of this Rate the Customer's decision to request service from Gulf		
т	ERM:		
Service under this Rate Rider requires a Co five-year term. Service under this Rider will te	ontract for Electric Service that includes a minimum eminate at the end of the contract term.		
During the term of service under this Rate Rider, the Customer may elect to change to an applicable rate to which Rate Rider MBIR does not apply so long as the Customer commits to take service under the newly selected rate for the unexpired duration of the term of the original Contract for Electric Service. The Company may terminate service under this Rider at any time if the Customer fells to comply with the terms and conditions of this Rider. Failure to: (1) maintain that level of employment specified in this Rider and/or (2) purchase from the Company the amount of toed specified in this Rider may be considered grounds for termination.			
Service under this Rider is subject to the Ru Public Service Commission.	les and Regulations of the Company and the Florida		

ISSUED BY: S. W. Connally, Jr.

	Section No. VI First Revised Original Canceling Original Sh	
	PAGE 1 of 2	EFFECTIVE DATE January 1, 2014
Rate Rider SBIR Experimental Rate Ride Small Business Incentiv (Optional Rider)		
	AVAILABILITY:	
This Rate Rider is available to all Cu load and employment requirements.		vice area who meet qualifying
The qualifying load and employment delivery point. Additional metering ex		
	APPLICABILITY:	
Applicable to New Load as a Rate F the rate under which the Customer billing will be credited by the incer service pursuant to this Rider. New after the effective date of this Rider that the Company determines that th Load under this Rider together with apply to provision of electric service	takes service remain applicable ntive specified below beginning Load is that which is added via but not later than December 3 he subscription limit of 100 MW I the companion Riders, MBIR ar	, except that the Customer's with the commencement of a connection of initial service 1, 20176 or such earlier date has been reached for all New
Rate Rider SBIR shall only be com PX, PXT or RTP. If a change in own successor Customer may be allowed	ership occurs during the Term of	Service under this Rider, the

GULF AS POWER	Section No. VI Original Sheet No. 8.97
	PAGE UPPECTIVE DATE 2 of 2 January 1, 2014
(Continued from Rate Rider SBIR, Sheet No. 6	i.96)
INCEN	NTIVES:
Subject to compliance with the terms and cond the base demand charges and base energy ch	litions hereof, the following credits will be applied to arges of the Customer's applicable rate schedule:
 Year 1 - 20% reduction in base dema Year 2 - 15% reduction in base dema Year 3 - 10% reduction in base dema Year 4 - 5% reduction in base dema Year 5 - 0% reduction in base dema 	ind and base energy charges and and base energy charges and and base energy charges
Qualifying Loads:	
 (2) The Customer must provide a Economic Opportunity proving (3) The Customer must provide a 	t 200 kW, as determined by the Company. sudit documentation by the Florida Department of the hiring of 10 full-time employees. n affidavit verifying that the availability of this Rate he Customer's decision to request service from Gulf
TE	RM:
Service under this Rate Rider requires a Con five-year term. Service under this Rider will terr	ntract for Electric Service that includes a minimum minate at the end of the contract term.
applicable rate to which Rate Rider SBiR does service under the newly selected rate for the Contract for Electric Service. The Company m the Customer fails to comply with the terms a	Rider, the Customer may elect to change to an not apply so long as the Customer commits to take he unexpired duration of the term of the original ay terminate service under this Rider at any time if ind conditions of this Rider. Failure to: (1) maintain tider and/or (2) purchase from the Company the considered grounds for termination.
Service under this Rider is subject to the Rule Public Service Commission.	s and Regulations of the Company and the Florida
ISSUED BY: S. W. Connaily, jr.	